DECISION MAKING

COURSE - B.A. (PUBLIC ADMINISTRATION)
SEMESTER- II
PAPER – III (ADMINISTRATIVE THEORY AND BEHAVIOUR)
UNIT – II

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Concept of Decision

The concept of decision has been derived from Latin word ‘decidere’ which means cutting away or cutting off. Decision involves a cut of alternatives between those that are desirable and those that are not desirable. It is also a kind of choice of desirable alternatives.
Definition of Decision Making

It is an entire process to arrive at a decision. The process by which an individual or an organization selects one position or action from several alternatives.

➢ Herbert A. Simon: Decision-making as the optimum rational choice between alternative course of action. According to him, decision making pervades the entire organization, that is, decisions are made at all level of organization.

➢ Webster’s Dictionary: Decision making is an act of determining one’s own mind upon an opinion or course of action.

➢ William Moore: Management means decision making.
➢ **George R. Terry:** Decision making is the selection of one behavior alternative based on some criteria from among two or more possible alternatives.

➢ **Haynes and Massie:** Decision-Making is a process of selection from a set of alternatives courses of action which is thoughtful to fulfill the objective of the decision problem more satisfactory than others.

➢ **Philip Kotler:** A decision may be defined as a conscious choice among alternative courses of action.
Process of Decision Making

Specific Objectives → Identification of Problem → Gather Information → Search for Alternatives → Evaluation of Alternatives

- Diagnosis
- Analysis of Problem
- To get most satisfactory results
- Serve as Ready alternate option

Review the Decision → Converting choice into Action → Choice of Alternative

Maximizing the goal with minimum expenditure
Importance of Decision-Making in Management

➢ Better Utilization of Resources
➢ Facing Problem and Challenges
➢ Business Growth
➢ Achieving Objectives
➢ Increase Efficiency
➢ Facilitates Innovation
➢ Motivates Employees
HERBERT A. SIMON & DECISION MAKING

➢ American Economist, Political Scientist and Cognitive Psychologist.
➢ His greatest contribution to public administration is his insight how decisions are taken in a bureaucratic organization.
➢ Best known for theories of Bounded Rationality and Satisficing.
➢ Recipient of Nobel Prize in Economics in 1978 and Turning Award in 1975.

PRINCIPLE PUBLICATIONS

➢ The Proverbs of Administration (Essay-1946).
➢ Public Administration (1950)
➢ Fundamentals and Research in Administration (1953).
➢ Organizations (1958)
➢ Shape of Automation (1960).
➢ Human Problem Solving (1972).
➢ Sciences of the Artificial (1969)
As per Simon :-

- All administration is decision making.
- Decision making is the heart of public administration.
- It is the beginning, middle and end of public administration.
- Successful study of administration will be possible if the actual process of decision making is analyzed.

**3 Phases of Decision Making**

1) **Intelligence activity**: Finding the occasion for making decision

2) **Design activity**: Identifying, Developing and Analyzing all possible alternatives

3) **Choice activity**: Selecting one course of action from available options based on **facts** and **values**.
Bounded Rationality in Decision making

➢ Simon disputes the concept of total rationality in administrative behavior.
➢ Human behavior is neither totally rational nor totally irrational.
➢ Requirements for Total Rationality:
   (i) Knowledge about all alternatives
   (ii) Knowledge about values of all alternatives
   (iii) Knowledge about ordered preference of alternatives
➢ Simon finds that above requirements are practically impossible to be fulfilled. Hence, in place of total rationality, ‘bounded rationality’ should be observed while making decisions.
➢ In place of ‘optimizing decision’ (based on total rationality), Simon advances the idea of ‘satisficing’ (derived from satisfaction) and ‘sufficing’.
➢ Satisficing involves the choice of course of action which is satisfactory or at least good enough.
## Types of Decisions: As per Simon

<table>
<thead>
<tr>
<th>Programmed Decision</th>
<th>Non-Programmed Decisions</th>
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<tbody>
<tr>
<td>For routine and repetitive works</td>
<td>For novel and non recurring situations.</td>
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<tr>
<td>Made on basis of rules/ procedures/ habits</td>
<td>Require complex understanding about the given situation.</td>
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<tr>
<td>Decision making is by precedents</td>
<td>No pre existing cut and dried solutions.</td>
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<td>Easy and can be made by lower levels staff too</td>
<td>Decisions are of high importance and made by managers at the apex level.</td>
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*Example:* Decision on promotion of employees

*Example:* Decision on taking action for growth of organization.
THANK YOU!