

Writing assignment

[History](#)



2 September [Research Paper (Encyclopaedia of Science, Technology, and Ethics, 2006 Based on everything you have read either written by, or about, Herbert Simon, is “ complex

calculation” possible in human decision making according to Simon? Why?

How does

Simon believe humans resolve the challenge of “ complex calculation”?

As per Simon, it is not possible for human beings to implement complex calculations for choosing the single best alternative (Simon H. A., 1955).

Especially in the challenging neoclassical economics, such complex calculations are not possible at all.

Simon believes that humans resolve the challenge of complex calculations by the following two approaches:

Humans resolve the challenge of complex calculation by making decisions which are ‘ good-enough’. This is called satisficing.

Human beings take some sub optimal decisions because of the limitations in terms of intellect, time and information they possess. This is called bounded rationality.

2. What does “ intendedly rational” as opposed to actually rational mean for Simon?

Simon suggests that humans cannot be perfectly rational, since their decision making process is limited by the limited information they have, or by time constraint, or by the cognitive limitation of their mind. Hence, the human beings make decisions which are “ intendedly rational” by taking into account the limitations that exist. This is called bounded rationality.

Example of bounded rational actor behavior in public agency budgeting:

We all know that NASA from very long wants to send a man to Mars. But,

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since this would be the very first time a man would be going to Mars, we have only limited information available about that planet. So, this first visit to Mars might not lead to a definite success for NASA.

3. According to Simon, what does it mean to satisfice? Is satisficing a form of rational choice

behavior, or is it more closely akin to bounded rationality? Please explain your answer.

According to Simon, to satisfice means to take a decision which is good-enough for the present situation. The term Satisficing is also called Muddling Through. The word Satisfice was coined by Herbert Simons. It refers to a sub-optimal choice made by the decision maker which he considers to be good enough. Satisficing, therefore, is a decision making process which leads to a near optimal solution and not the optimal one.

Satisficing is not a form of rational actor behavior, since the rational behavior would lead to the most optimal alternative available as the decision. But, satisficing considers the sub-optimal decision. Satisficing is more closely akin to bounded rationality since both these approaches lead to a decision which is not the most optimal or rational one.

4. Why did Simon wish to replace the economic assumption of global rationality? Is it not

true that all humans think of themselves as behaving rationally? If this is true, why did

Simon feel it was necessary to change our understanding of human decision making

Behavior?

Simon wished to replace the economic assumption of global rationality since <https://assignbuster.com/writing-assignment-essay-samples-2/>

he strongly believed that it is not possible for human beings to behave rationally because of their computing limitations, and also time and information accessing limitations. Simon believed that the way humans 'actually' make decisions is by following the approaches of bounded rationality and satisficing (Newell, 1972).

5. Do you agree with Simon? Does his approach make sense? Or is it unconvincing? Explain.

I strongly agree with Simon on his approach to decision making. His approach does make sense because human decision making has a lot of challenges in terms of selecting the best alternative. I would like to enlighten this with the help of an important recent happening which is the law enforcement in recent London riots. The laws were enforced in a way such that the riots are deterred immediately. Even if the culprits could not be caught immediately, it was made sure that the riots are deterred by having enough police presence. So, it was considered good-enough to put off the riots first and catching the culprits was put on back burner.

As we see, the London authorities followed 'satisficing' approach, instead of looking out for a rational decision because of the limitations that existed.

6. How would you describe Simon's contribution to organization theory?

Have his ideas been

insignificant or important to the field of organization theory and behavior?

Are his ideas

still relevant?

Herbert Simon's contributions to organizational theory have been tremendous. Simon studied in detail how human beings make decisions. One of Simon's best known books is Organizations (with James G. March 1958)

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(March, 1958) which talks in detail about the decision making approaches of organization members. Simon's ideas like those of decision making, purposiveness, etc are still significant and relevant to the field of organization theory and behavior.

7. Identify one major area of organization behavior today that can be explained and therefore understood by Simon's ideas and explanations?

The task of decision making is one major area of organization behavior today which can be explained and therefore understood by Simon's ideas and explanations. The task of decision making pervades the entire administrative organization.

Another major area of organization behavior today that can be examined by Simon's ideas is purposiveness. Simon suggests that the behavior of employees in an organization is oriented towards some goal or objective and hence is, purposive. This leads to say that individual's behavior is purposive in the sense that it is guided by some goals or objectives.

8. Identify one concrete situation involving decision making where you as the decision maker have satisficed rather than optimized? Do you regret having to satisfice? How did satisficing still enable you to achieve your goal(s)?

An example I can quote is while I study for my examination. One day before the examination, when I prepare for it, the optimum decision would be to revise everything. But, because of the time constraint, I revise only the topics which have greater probability of coming in the examination. Hence, I take a decision which is not optimal but is good-enough for the situation in hand. I do not regret having to satisfice because revising the important topics only is the best I could have done in that situation. Satisficing enabled

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me to achieve my goals because I revised the topics which had higher probability of coming in the examination, and thus was able to get good grade.

9. What important lessons can be learned from Simon that is valuable to organizations?

The most important lesson that can be learned from Simon is those of decision making approaches and employee loyalty. Simon suggests that the organization must be in equilibrium which occurs when individuals are willing to accept organized membership when their activity in the organization contributes, directly or indirectly, to their own personal goals. This leads to say that successful running of an organization is possible only when the employees take voluntary responsibility to achieve the organizational goals. This can happen only when their doings for the organization result in some way in the achievement of their own personal goals too.

Organizational loyalty is a process where a person gives more importance to the attainment of organizational objectives rather than attaining or fulfilling his own personal objectives.

Simon thinks of an organization as a system of equilibrium. There is a breach in loyalty when this equilibrium gets imbalanced. If an employee feels, that the monetary and the non-monetary incentives an employee gets is lesser than the contributions(time and effort) he makes towards the organization, then he might decide to switch to working in some other organization.

A classic example of this can be seen in any Information Technology firm. Employees are made to put in long hours of work, and the salary they get is not consistent with the effort they put in. This leads in attrition.

Another example is in the Business Process Outsourcing firms. The BPOs are <https://assignbuster.com/writing-assignment-essay-samples-2/>

known to have the highest attrition rates. The salaries i. e. the monetary incentives employees get are good, but in terms of no-monetary incentives i. e. good work culture, etc, the BPOs do not set a good example. This leads to the highest attrition rates as compared to other industries

10. What ideas of Simon's are less relevant or less valuable to organizations in today's

World?

The idea of Simon which as per me is less relevant in today's world is that of 'vertical specialization' (Simon H. A., 1947). In the present corporate arena, companies face numerous challenges. The firms are growing in size, are supporting different product lines at the same time, and have tons of labourers. To handle such complex challenges, vertical specialization is not the only way to be. Hence, the firms adopt a number of specializations to cater to the differing needs they have. These are horizontal specialization, product specialization and functional specialization.

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