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programmed or



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The other approach is the behavioural approach which attempts to account for the limits on rationality in decision-making.

The third approach, namely, the practical approach combines features of the rational and behavioural approaches. Finally, the personal approach focuses on decision-making processes individuals use in difficult situations. A. The Rational Approach: Rational decision-making approach is a systematic, step-by-step process for making decisions. It assumes that the organization is economically based and managed by decision-makers who are absolutely objective and have complete information. The steps of rational decision-making approach are as follows:

(1) State the Situational Goal:

At the outset, a goal for a particular situation is stated.

Some decision-models do not begin with a goal. However, it is advisable because it can be used as a standard in determining whether there is a decision to be made later on.

(2) Identify the Problem:

In this phase, the problem requiring decision is recognized and diagnosed. It involves understanding the nature, magnitude and causes of the problem.

The purpose of problem identification is to collect information that has a bearing on the goal. If there is a . discrepancy between the actual situation and the goal, action may be required. Reliable information is an absolute necessity here.

Inaccurate information can lead to wrong decisions. At this stage, the constraints within which the problem must be solved are also defined.

(3) Determining Decision Type:

Now decision- makers must determine if the problem requires a programmed or a non-programmed decision. If a programmed decision is required, an appropriate decision rule is invoked and a choice is made from the available alternatives.

(4) Generate Alternatives:

The next step in making a non-programmed decision is to generate alternatives.

Here, decision-makers generate alternatives on the basis of their education- academic as well as professional, experience and knowledge about the situation. In addition, information may be sought from colleagues, subordinates, experts and superiors. Decision-makers may analyze the symptoms of the problems for clues or rely on their own intuition or judgement to generate alternative solutions.

(5) Evaluate Alternatives:

Each alternative is assessed in terms of its Strengths and weaknesses, costs and benefits as well as possible negative consequences keeping in mind predetermined decision criteria. The positive consequences must be weighed against negative consequences. The ultimate decision criterion here is whether a particular decision will bring us nearer the goal.

According to Zeleny (1976), the evaluation process usually includes: (a) describing the anticipated outcomes of each alternative, (b) evaluating the anticipated costs of each alternative, and (c) estimating the uncertainties and risks associated with each alternative. In most situations, the decision-makers do not have perfect information regarding the outcomes of all alternatives at their disposal.

(6) Choose an Alternative:

This is the most crucial step in the decision-making process. It involves selecting the best alternative with maximum positive consequences, least or no negative outcomes, less risks and minimum costs. In other words, the expected value of each alternative is determined and the alternative with the largest expected values is selected. Again, the choice of alternative depends on decision-makers' education, judgement, experiences, logical analysis etc.

At this stage, it is important to consider contingency plans. Contingency plans are alternative actions to take if the primary course of action is unexpectedly disrupted or rendered inappropriate. Planning for contingencies is part of the transition between choosing the preferred alternative and implementing it.

(7) Implementing the Plan:

Once a decision is formally accepted, an authorisation is made for its implementation. Implementation puts the decision into action and involves communicating the decision, gathering support for and acquiring and assigning resources to ensure that it is carried out. It builds on the

commitment and motivation of those involved in the decision-making process. Successful implementation requires appropriate use of resources and good management skills, leadership characteristics, reward structure and knowledge and application of group dynamics. Sometimes the decision-maker begins to doubt a choice already made.

This is known as cognitive dissonance. Cognitive dissonance is the anxiety a person experiences when two sets of knowledge or perceptions are incongruent or contradictory. In order to reduce cognitive dissonance, the decision maker may seek to rationalize the decision further with new information.

(8) Control:

This is the final stage of rational decision-making process, wherein, the outcomes of the decision are measured and compared with the predetermined, desired goals.

If there is a discrepancy between the two, the decision-maker may restart the process of decision-making by revising/modifying/setting new goals.

Strengths and Weaknesses of the Rational Approach This approach has several strengths. It forces the decision-maker to consider a decision in a logical, sequential manner and an in-depth analysis of alternatives helps him to choose on the basis of information rather than personal prejudices, emotions or social pressure. However, its weaknesses are that the manager does not always have perfect information faces time and financial constraints, may have limited ability to process information and may not be able to predict future accurately. Also, all the alternatives cannot be

quantified making comparisons difficult. The following figure shows the rational decision-making process diagrammatically (Moorhead and Griffin, 1999). B.

The Behavioural Approach: This approach assumes that decision-makers operate with bounded rationality rather than with the perfect rationality assumed by the rational approach. Bounded rationality is the idea that decision makers cannot deal with information about all the aspects and alternatives pertaining to a problem and therefore choose to tackle some meaningful subset of it. Thus, this process is neither exhaustive nor completely rational and therefore, solutions arrived at are not entirely ideal. Decision-makers operating with bounded rationality limit the inputs to the decision-making process, focus their attention on two or three most favourable alternatives (especially if there is a time constraint), process these in great detail and base their decisions on judgement and personal biases as well as logic. This approach possesses the following features: (i) Use of procedures and rules of thumb which reduce uncertainty in decision-making initially. For example, uses of models of teaching have been found to enhance student performance in the past. Hence teachers, knowing the linkages between the two decide to use models of teaching in classrooms. (ii) Sub optimizing which refers to knowingly accepting less than the best possible outcome to avoid unintended negative effects on other aspects of the organization.

(iii) “ Satisfying refers to examining alternatives only until a solution that meets minimal requirements is found and then making no further efforts to look for a better one. The search for alternatives is generally a sequential

process based on procedures and rules of thumb guided by previous experiences with similar problems. Such a solution may not always be the optimal solution since the search often ends when the first minimally acceptable alternative is identified. This model by Herbert Simon is also known as Administrative Man Model.’ C. The Practical Approach: This approach combines the steps of the rational approach with the worthwhile features and conditions in the behavioural approach to create a more realistic process for making decisions in institutions. According to this approach, rather than generating all alternatives, the decision-maker should try to go beyond rules of thumb and satisfying limitations and generate as many alternatives as possible within the given time, money and other Practicalities of the situation.

Here, the rational approach provides an analytical framework for making decisions while the behavioural approach provides a moderating influence. Those managers who have a tendency of jumping from one decision to another, making decisions hastily and impulsively and barking out orders to subordinates usually do not use much information or a rational approach to decision-making. D. The Personal Approach: The preceding three approaches explicitly explain the processes involved into decision-making. However, they do not throw light on how people take decisions when they are nervous, anxious, worried or agitated-whether in organizations or in personal matters.

Janis and Mann (1977) have provided a more realistic view of individual decision-making in their ‘ Conflict Model’. This model is based on research in social psychology and individual decision processes. It is a personal approach to decision-making because it deals with the personal conflicts that

people experience in particularly difficult decision situations. The model has five basic characteristics: (a) It deals only with important life decisions such as choosing the nature and type of education and institution, career, marriage, major organizational decisions etc. that commit an individual or institution to a certain course of action.

(b) It recognizes that procrastination and rationalization are mechanisms by which people avoid taking difficult decisions and coping with the accompanying stress. (c) It explicitly acknowledges that some decisions could possibly go wrong. (d) It provides for self-reactions in terms of comparisons of alternatives with internalized moral standards. If a particular course of action violates the decision-makers moral convictions, it is unlikely to be selected even if it is economically and socially beneficial. (e) It recognizes that at times the decision-maker is ambivalent about alternative courses of action. This kind of situation makes it difficult for him to give a whole-hearted commitment to one single decision. However, major decisions concerning one's life are either-or decisions that require commitment to one specific alternative without allowing much compromise. According to Janis-Mann conflict model of decision-making, a person, when faced with a problem, analyzes the situation by seeking feedback (often negative) and asks himself/herself whether the risks involved are serious if he or she does not make a change.

If the answer is no, the person will continue his/her present activities. This situation as known as uncomplicated adherence which entails continuing with current activities if doing so does not entail serious risks. On the other hand, if the risks involved are serious, if the person does not make a change,

the person will take necessary action to bring about a desirable change. This situation is known as uncomplicated change which involves making changes in present activities if doing so presents no serious risks. Besides, the model also explains the concept of defensive avoidance which entails making no changes in present activities and avoiding any further contact with associated issues because there appears to be no hope of finding a better solution. If a person has little time to deliberate on whether he needs to make a change perhaps due to his advancing age he will experience hyper vigilance wherein he may suffer severe psychological stress and engage in frantic, superficial pursuit of some satisfying strategy. On the other hand, if a person has two or three years to consider different alternatives, he will undertake vigilant information processing which implies that he will thoroughly investigate all possible alternatives, weigh their costs and benefits before making a decision and develop contingency plans.