Free essay on decision making case

Business, Company

\n[toc title="Table of Contents"]\n

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Question # 1: Decision Making

Decision making is considered as a core process for any business's management. The decision making is a process of selecting the best decisions needed by the business to reach towards its preset of objectives and goals (Boundless, 2015). It helps the management in solving the problems faced by business in eight simple steps of identifying the problem, developing and selecting the alternatives solutions for the problem and evaluating the decision effectiveness in solving the problem (Robbins & Coulter, 2012).

There are two types of decisions made by the managers of a firm. These decisions are based on the type of problems a business is facing during its work course. The breakdown of types of decisions is as follows (Robbins & Coulter, 2012):

Programmed decisions based on the structured problems, and

Un-programmed decisions based on un-structured problems faced.

Above described decisions are important for the business if they face any structured or un-structured problem. The decision discussed in the case study relates to the unstructured problem of right-sizing or downsizing. Downsizing can create an affecting disturbance in the employees of the organization because the company promises to its employees that job security will be provided. This can lead to a law suit filed against the company.

Question # 2: Decision Models

There are variety of models been discussed by different authors in literature that describes how the managers or people make decisions for solving their problems. Mary Coulter and Stephen Robbins had discussed such models in their book of Principles of Management 11th edition. According to (Robbins & Coulter, 2012), the managers of the firms have the power to devise a decision for the problem faced by the company as they can plan and organize the solution that will lead the organization to its success. For doing that, the mangers of the firm develop the decisions with rationality, bounded rationality, with the help of role of intuition, and finally with evidence-based management.

When the managers make the decisions based on the rationality of the situation, this means that they are being logical about the problem in hand i. e. the problem must be clear to manager, and he must have knowledge of all possible alternatives and the consequences of following such alternatives.

Following the rational decision making can be a bit difficult for the manger as it will require a close examination done by the manager for the situation in hand and must have all the related information about the problem.

When a manager makes a decision based on bounded rationality, he must also make the decision in a rational manner, but his rationality is bounded by the limitation of their capability to process information. This is more realistic approach of decision making under rationality head. The managers are unable to process all information pertaining to all the alternatives for the situation. The bounded rationality helps the mangers to gather the selective set of information and generate the company required results.

Sometimes, the managers use their collective judgments, experience and thoughts for making decisions about the problem. Such type of decision making process is known as the role of intuition. According to Miller & Ireland (2005) most of the managers follow the role of intuition to make decisions in the company rather than to formally analyze the situation. Role of intuition is the mixture of subconscious mental processing, value or ethic based decisions, experience based decisions, cognitive based decisions and affect based decisions.

Question # 3: Decision Making Process Within this Case Study

For a company to ensure that the decision made fully addresses is rational is very important. In the given case study, there is a bounded rationality shown by the managers of the company. This bounded rationality is due the downsizing practices started in the firm. As the case suggests that Southwest Airlines is a low cost airline, therefore it needs to reduce its costs by downsizing as a result of success achieved by conducting e-commerce initiatives.

Question # 4: Your Decision

The factor that is influencing the decision of downsizing is that the number of employees is increasing due to the job security policy implemented by the firm which leads to a reduction in profits by 15 units since last year. Downsizing process can become a bit harsh for the current workforce as the Airlines is also committed to provide job security to its employees. In my view, there are many other options to reduce the costs of operations other than downsizing which can be exercised by the company. Those options can be of short term or medium term or for long term. These options or strategies are as follow (Gandolfi, 2008):

The company can stop the hiring process for the management positions. This will saved the costs for a short period of time.

The company can sent those employees on mandatory leaves that have accrued vacation days and other entitlements along with lower pay. This will not hamper the image of job security and will help in reducing cost for a short period of time.

Salary incentives can be removed from the salary of the employees, which will provide a midterm cost saving.

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