

# **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.

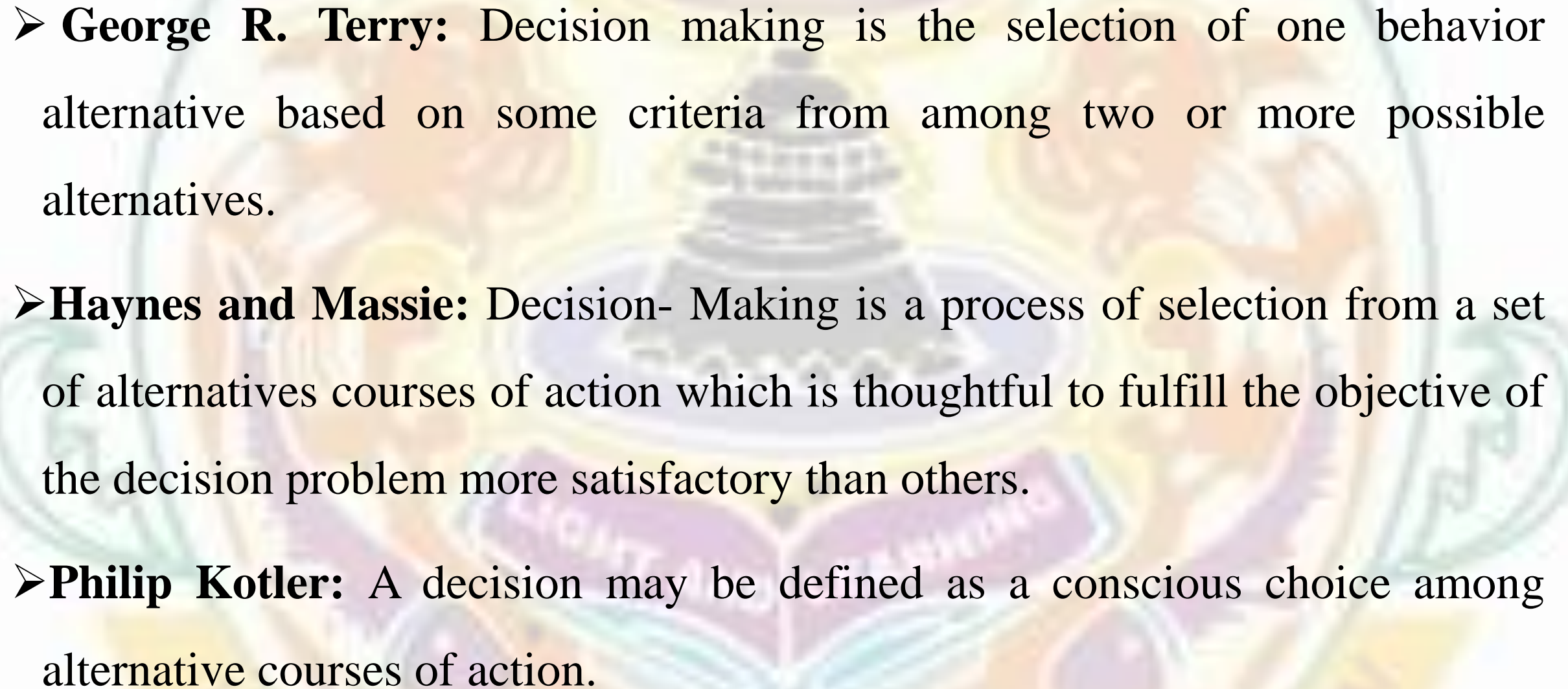
Decision involves a cut of alternatives between those that are desirable and those that are not desirable. It is also a kind of choice of desirable alternatives.

# Definition of Decision Making

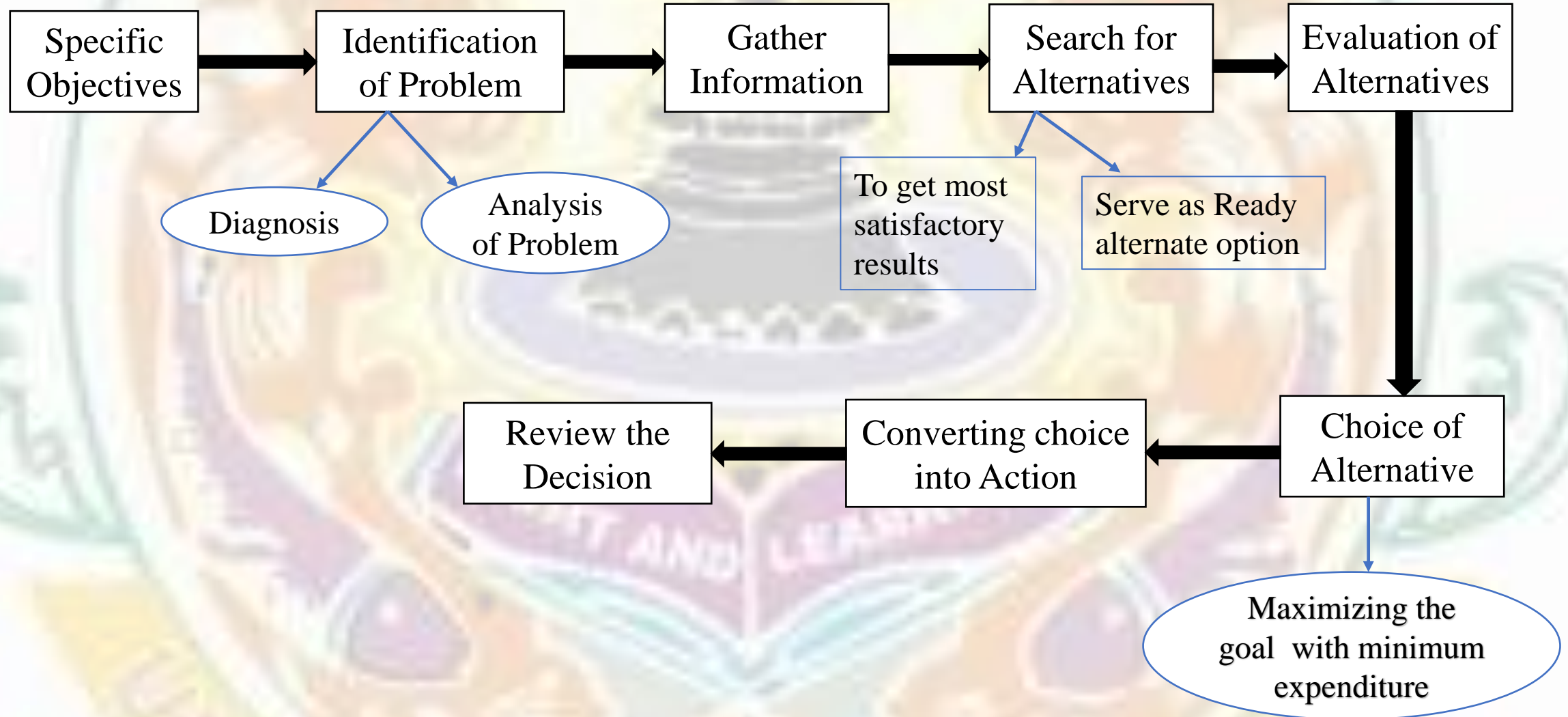
It is an entire process to arrive at a decision. The process by which an individual or an organization selects one position or action from several alternatives.

- **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.



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- **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



# **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

- Herbert Alexander Simon (1916-2001).
- 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

- Administrative Behavior : A study of decision making (1947).
- The Proverbs of Administration (Essay-1946).
- Public Administration (1950)
- Fundamentals and Research in Administration (1953).
- Organizations (1958)
- The New Science of Management Decision (1960).
- 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

## □ Programmed Decision

- For routine and repetitive works
- Made on basis of rules/ procedures/ habits
- Decision making is by precedents
- Easy and can be made by lower levels staff too

*Example:* Decision on promotion of employees

## □ Non-Programmed Decisions

- For novel and non recurring situations.
- Require complex understanding about the given situation.
- No pre existing cut and dried solutions.
- Decisions are of high importance and made by managers at the apex level.

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





**THANK YOU !**

LIGHT AND LEARNING