

DEPARTMENT OF BBA

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Nature Or Characteristics of Decision Making

Decision making is globally thought to be selection from alternatives. It is deeply related with all the traditional functions of a manager, such as planning, organizing, staffing, directing and controlling. When he performs these functions, he makes decisions. However, the traditional management theorists did not pay much attention to decision making. Infact, the meaningful analysis of decision making process was initiated by Chester Bernard (1938) who commented, The process of decision are largely techniques for narrowing choice.

The nature of decision-making may be clearly understood by its following characteristics features:

1. Decision making is an intellectual process, which involves imagination, reasoning, evaluation and judgement.
2. It is a selection process in which best or most suitable course of action is finalized from among several available alternatives. Such selected alternative provides utmost help in the achievement of organizational goals. The problems for which there is only one selection are most decision problems.

3. Decision making is a goal oriented process. Decisions are made to attain certain goals. A decision is rated good to the extent it helps in the accomplishment of objectives.
4. It is a focal point at which plans, policies, objectives, procedures, etc., are translated into concrete actions.
5. Decision making is a continuous process pervading all organizational activity, at all levels and in the whole universe. It is a systematic process and an interactive activity.
6. Decision making involves commitment of resources, direction or reputation of the enterprise.
7. Decision making is always related to place, situation and time. It may be decided not to act in the given circumstances.
8. After decision making it is necessary and significant to communicate its results (decisions) for their successful execution.
9. The effectiveness of decision-making process is enhanced by participation.

Importance of decision-making

1. Implementation of managerial function:- Without decision-making different managerial functions such as planning, organizing, directing, controlling, staffing can't be conducted. In other words, when an employee does, she/he does the work through decision-making function.

Therefore, we can say that decision is important element to implement the managerial function.

2. Pervasiveness of decision-making:-the decision is made in all managerial activities and in all functions of the organization. It must be taken by all staff. Without decision-making any kinds of function is not possible. So it is pervasive.

3. Evaluation of managerial performance: Decisions can evaluate managerial performance. When decision is correct it is understood that the manager is qualified, able and efficient. When the decision is wrong, it is understood that the manager is disqualified. So decision-making evaluate the managerial performance.

4. Helpful in planning and policies: Any policy or plan is established through decision making. Without decision making, no plans and policies are performed.

In the process of making plans, appropriate decisions must be made from so many alternatives. Therefore, decision making is an important process which is helpful in planning.

5. Selecting the best alternatives: -Decision making is the process of selecting the best alternatives. It is necessary in every organization because there are many alternatives. So decision makers evaluate various advantages and disadvantages of every alternative and select the best alternative.

6. Successful;-operation of business: Every individual, departments and organization make the decisions. In this competitive world; organization can exist when the correct and appropriate decisions are made. Therefore, correct decisions help in successful operation of business.

Decision-making process

Decision making is the process of making choices by identifying a decision, gathering information, and assessing alternative resolutions. Using a step-by-step decision-making process can help you make more deliberate, thoughtful decisions by organizing relevant information and defining alternatives. This approach increases the chances that you will choose the most satisfying alternative possible.

Step 1: Identify the decision:-You realize that you need to make a decision. Try to clearly define the nature of the decision you must make. This first step is very important.

Step 2: Gather relevant information:-Collect some pertinent information before you make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external “work.” Some information is internal: you’ll seek it through a process of self-assessment. Other information is external: you’ll find it online, in books, from other people, and from other sources.

Step 3: Identify the alternatives;-As you collect information, you will probably identify several possible paths of action, or alternatives. You

can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

Step 4: Weigh the evidence:-Draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult internal process, you'll begin to favor certain alternatives: those that seem to have a higher potential for reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.

Step 5: Choose among alternatives:-Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.

Step 6: Take action:-You're now ready to take some positive action by beginning to implement the alternative you choose in Step 5.

Step 7: Review your decision & its consequences;-In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has not met the identified need, you may want to repeat certain steps of the process to make a new decision. For example, you might want to gather more

detailed or somewhat different information or explore additional alternatives.