ANALYSIS OF DECISION MAKING BASED ON CURRENT TRENDS

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ABSTRACT

The role of decision making is very important and has become necessary for all organizations on the basis of all cases, where every management depends on deciding the best alternative for the future course of action. However, we are dependant to choose the alternative for routine and repetitive within the framework of organizational policies and rules. By decision making we may avoid daily recurring problems in the organization. A common feature of non programmed decisions can be decided in advance, they are novel and non-recurring by which solutions cannot be readymade or made available easily in case of the Non-Programmed decision making.

INTRODUCTION

Decision making is a process of selecting the best among the different alternatives. It is the act of making a choice. There are so many alternatives found in the organization and departments. Decision making is selection of choice of one best alternative. Before making decisions all alternatives should be evaluated from which advantages and disadvantages are known. It helps to make the best decisions. It is also one of the important functions of management. Without other management functions such as planning, organizing, directing, controlling, staffing can’t be conducted because in this managerial function decision is very important.

Definition:

Decision making is the thought process of selecting a logical choice from the available options. According to Stephen P. Robbins, “decision making is defines as the selection of a preferred course of action from two or more alternatives.”

NEEDS & IMPORTANCE OF DECISION MAKING

Decision making is important based on the following factors,

1. Better Utilizations of Resources:

Decision making helps to utilize the available resources for achieving the objectives of the organization. The available resources are the 6 Ms, i.e. Men, Money, Materials, Machines, Methods and Markets. The manager has to make correct decisions for all the 6 Ms. This will result in better utilization of these resources.

2. Facing Problems and Challenges:

Decision Making helps the organization to face and tackle new problems and challenges. Quick and correct decisions help to solve the problems and to accept new challenges.
3. Business Growth:

Quick and correct decision making results in better utilization of the resources. It helps the organization to face new problems and challenges. It also helps to achieve its objectives. All this results in quick business growth.

4. Achieving Objectives:

Rational decisions help the organization to achieve all its objective quickly. This is because rational decisions are made after analyzing and evaluating all the alternatives.

5. Increase Efficiency:

Rational decisions helps to increase efficiency. Efficiency is the relation between returns and cost. If the returns are high and the cost is low, then there is efficiency and vice versa. Rational decision result in higher returns at low cost.

6. Facilitate Innovation:

Rational decision facilitate innovation. This is because helps to develop new ideas, new products, new process etc., This result in innovation. Innovation gives a competitive advantage to the organization.

7. Motivates Employee:

Rational decision results in motivation for the employees. This is because the employees are motivated to implement rational decisions. When the rational decisions are implemented the organization makes high profits. Therefore it can give financial and non-financial benefits to the employees.

**TYPES OF DECISION MAKING**

There are two types of decision making. They are,

i) Programmed Decisions:

Programmed decisions are routine and repetitive, and the organization typically develops specific ways to handle them.
Example: A programmed decision might involve determining how products will be arranged on the shelves of a supermarket.

ii) Non Programmed Decisions:

Non Programmed Decisions are typically one shot decisions that are usually less structured than programmed decision.

Example: In 2005, Mc Donald’s became aware of a need to respond to growing customer several decades, customers of fast food restaurant were more concerned with the taste and the price rather than healthiness. In response, Mc Donald’s decide to offer healthier alternatives such as substituting apple slices in Happy Meals for French Fries and discontinuing the use of trans-fats.

DECISION-MAKING METHODS

Any Organization faces making decisions on a daily basis. Organization make some decision after a great deal of research and forethought, while making others on the spur of the moment in the reaction to an emergency situation. The impact of organizational decisions can be long-term and far-reaching, or it may be short lived and practically unnoticed. No matter what results from a decision, someone has to take ownership of it

i) Individual : The designated leader makes all the decision without consulting the group in any way.

ii) Authority : Select the most expert member of the group and abide by his/her decision.

iii) Average of member’s opinions : Poll members of the group, then average the result.

iv) Majority Control : Discuss an issue, then vote when 51% or more accept the course of action.

v) Minority Control : Two or more member serve as an executive with committee authority to make decisions.

vi) Consensus : Discuss until the group arrives at a collective opinion acceptable to all members of the group.

DECISION MAKING PROCESS:

A significant part of decision making skills is in knowing and practicing good decision making techniques. One of the most practical decision making techniques can be summarized in those simple decision making steps:
DECISION MAKING PROCESS

The decision making process is presented in the figure below.

Step 1: Identify the decision to be made: You realize that a decision must be made. You then go through an internal process of trying to define clearly the nature of the decision you must make. This first step is a very important one.

Step 2: Gather relevant information: Most decisions require collecting pertinent information. The real trick in this step is to know what information is needed, the best sources of this information, and how to go about getting it. Some information must be sought from within yourself through a process of self-assessment; other information must be sought from outside yourself—from books, people, and a variety of other sources. This step, therefore, involves both internal and external “work”.

Step 3: Identify alternatives: Through the process of collecting information you will probably identify several possible paths of action, or alternatives. You may also use your imagination and information to construct new alternatives. In this step of the decision-making process, you will list all possible and desirable alternatives.

Step 4: Weigh evidence: In this step, you draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. You must evaluate whether the need identified in Step 1 would be helped or solved through the use of each alternative. In going through this difficult internal process, you begin to favor certain alternatives which appear to have higher potential for reaching your goal. Eventually you are able to place the alternatives in 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 which seems to be best suited to 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 now take some positive action which begins to implement the alternative you chose in Step 5.

Step 7: Review decision and consequences: In the last step you experience the results of your decision and evaluate whether or not it has “solved” the need you identified in Step 1. If it has, you may stay with this decision for some period of time. If the decision has not resolved the identified need, you may repeat certain steps of the process in order to make a new decision. You may, for example, gather more detailed or somewhat different information or discover additional alternatives on which to base your decision.

ADVANTAGES

1. **Individuals:** Applies more to administrative needs, useful for simple, routine decisions; should be used when very little time is available to make the decision, when group members lack the skills and information to make the decision another way.

2. **Authority:** Useful when the expertise of one person is so far superior to that all group members that little are to be gained by discussion, should be used when the need for membership action is implementing the decision is slight.

3. **Authority Of Members’ Opinions:** Useful when it is difficult to get group members together to talk when the decision is so urgent that there is no time for group discussion, when member commitment is not necessary for implementing the decision, and when group members lack the skill and information to make the decision any other way; applicable to simple routine decisions.

4. **Majority Control:** Can be used when sufficient time is lacking for decision by consensus or when the decision is not so important that consensus needs to be used, and when complete member commitment is not necessary for implementing the decision; close discussion on issues that are not highly important for the group.

5. **Minority Control:** Can be used when everyone cannot meet to make a decision, when the group is under such time pressure that it must delegate responsibility to a committee, when only a few members have any relevant resources, and when broad member commitment is not needed to implement the decision, useful for simple routine decisions.

6. **Consensus:** Produces an innovative, creative, and high quality-decision; elicits commitment by all members to implement the decision, uses the resources of all members; the future decision making ability of the group is enhanced; useful in making serious, important, and complex decisions to which all members are to be committed.

DISADVANTAGES

1. **Individual:** One person is not good resource for every decision; advantages of group interaction are lost; no commitment to implementing the decision is developed among other group members; resentment and disagreement may result in sabotage and deterioration of group effectiveness; resources of other members are not used.

2. **Authority:** It is difficult to determine who the expert is; no commitment to implement the decision is built; advantages of group interaction are lost; resentment and disagreement may result in sabotage and deterioration of group effectiveness; resources of other members are not used.
3. **Average Of Members’ Opinion**: This is not enough interaction among group members for them to gain from each other’s resources and from the benefits of group discussion; no commitment to implement the decision is built; unresolved conflict and controversy may damage group effectiveness in the future.

4. **Majority Control**: Usually leaves an alienated minority, which damages future group effectiveness; relevant resources of many group members may be lost; full commitment to implement the decision is absent; full benefit of group interaction is not obtained.

5. **Minority Control**: Does not use the resources of many group members; does not establish widespread commitment to implement the decision; unresolved conflict and controversy may damage group effectiveness in the future; not much benefit from group interaction.

6. **Consensus**: Takes a great deal of time and psychological energy and a high level of member skills; time pressure must be minimal; there must be no emergency in progress.

**CONCLUSION**

All decision making involves elements of risk and reward. For every decision there are risks. Many organizations are structured. So, that major decisions are taken at the highest levels. This is because of the decisions at the top can have major effect for the whole organization. Decision making is like a job of bomb squad, if we cut a correct wire everything will be safe, if we cut the wrong one then everything will be collapsed. So we should be very much careful enough to make a decision.

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