

## MANAGEMENT

### PRINCIPLES AND APPLICATIONS

#### UNIT-2

#### PART-XI

#### DECISION-MAKING

"Decision-making is the actual selection from among alternatives of a course of an action."

*-Koontz and O'Donnell*

**"Hear one man before you answer, several before you decide"**. Decision-making is number one job of management. Performing various managerial functions and creating an environment conducive to work are, in the final analysis, simply a series of decisions. Decision-making is an important and necessary activity of every business, large or small. A few decisions are rather routine and can be made quickly after consulting only a few persons. But many decisions involve answers to complex and serious long-range problems. For these a great deal of information is needed before a decision can be reached. The quality of a decision may well determine the ultimate success or failure of the business and its destiny. The manager must decide on a place, an organisation, on objective, a control procedure, an appropriate climate. He must decide when to hire, whom to promote, whom to place in charge. He must decide on company goals, operating policies and profit margins. As a matter of fact, good decision-

making ability is the essence of good management. It is key to a successful carrier in management. However, making consistently wise decisions is a rare talent. Hence the increasing attention to the process of decision-making in recent years is found in the management literature.

Decision-making permeates every aspect of management, exists in every part of an organisation and deals with every possible subject. All managerial functions such as planning, organising, staffing, motivating, communication, controlling imply the proce of decision-making. Planning involves making decisions about its contents, policies, programmes, schedules, etc. Organising involves the designing of the organisation structure thus making decisions regarding hierarchy of authority, assignment of responsibility, accountability, span of control, etc. Staffing is concerned with the choice of the right quantity and quality of right person for right jobs at right places and their placement, maintenance, conservation and development. In motivation formulation of material, psychological and social incentives are decided upon. Function of leadership is constantly concerned with the process of decision-making on critical choice of one or the other type of leadership style, the amount of and the degree to which sub-ordinates are to be associated with the various managerial functions. In communication decisions about character and channels of transacting information are made. Controlling is nothing but decision-making about the decided in planning and suggesting various corrective measures if found comparison of actual results against the established standards of performance necessary. Thus, decision-making permeates through the entire management process and gives rational basis for planning and realistic promises for the executive action. How rational decisions are to be reflected in the ultimate business results through most scientific business operations.

### **Meaning**

To decide means to cut short, to cut-off. For management doers and students, it would mean to reach a conclusion, to make up one's mind. Thus, it implies deliberations and thought, making it a conscious act. The word 'decision' is derived from the Latin words 'de-cisio' which mean cutting away or cutting off. It means cutting off the uncertainties until the matter develops into a fixed course of action.

### **Definitions**

1. Decision-making is defined as "the selection of one behaviour alternative from two or more alternatives."

-George R. Terry

2. Decision-making process employed by most managers is "a conscious intellectual activity involving judgement, evaluation and selection from among several alternatives."

-C.S. George

3. "Decision-making consists of acts which are the result of deliberation, calculation and thought."

-Barnard

4. "Decision-making is the focal creative psychic event where knowledge, thought feeling and imagination are fused into action."

-G.H.S. Shackle

5. According to Roy A. Killians, "A decision in its simplest form is a selection of alternatives."

6. According to R.S. Daver in his General Management, Decision-making can be defined as the selection based on some criteria of one behaviour alternative from two or more possible alternatives. To decide means to cut-off or in practical content, to come to a conclusion.

7. According to Musselman and Hughes, it is the "process of choosing by scientific means a specific course of action from among several possible alternatives."

8. According to Mervin Kann, "It is a commitment to a choice from among two or more alternatives."

9. According to Webster, it is "the act of determining in one's own mind upon an opinion or course of action."

10. As per Herbert Simon, "Decision-making comprise three principal phases-finding occasions for making a decision, finding possible courses of action and choosing among courses of action."

11. According to Ernest Dale, "Managerial decision-making is meant by those decisions necessary to execute every process relating to the management. These processes are-planning, organisation, recruiting management officials. direction, control, new changes and representation etc.

These definitions indicate that decision-making consists of formulating alternative proposals or lines of action and choosing the most suitable of them to meet a situation, tackle a problem or achieve an object. Choosing the right thing at the right time for pursuing any line of action or achievement of any goal is the purpose of decision-making.