

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-2

PART-XII

CHARACTERISTICS OR NATURE OF DECISION-MAKING

Following are the main characteristics or features of decision-making

1. Decision-making is a human process.
2. Decisions should be made after suffice discussion and deliberation on the facts.
3. The best way is selected from the numerous options available under decision-making.
4. Decisions are made to achieve the objectives.
5. Decisions are made in order to dispose the disputes.
6. Time element is very important in decisions.
7. Firmness in decisions is very much essential.
8. It is the focus of deciding plans, policies and objectives.
9. Decision-making is that central point at which planning, objectives and policies are made firmly.
10. Selection is made independently.

11. Decision-making is a mental process because the final selection is made after thoughtful consideration.
12. Decision-making is object oriented.
13. There is no interference of any external element in choosing the best course, thus there is full freedom in decision-making.
14. Sometimes, the decision-making results in negative consequences viz., it is decided that hasty decisions should be avoided.
15. Able and experienced persons may be consulted if deemed necessary in decision-making.
16. Firmness in decision-making most essential.
17. Decision-making is universal recognition of management.
18. Decision-making is an intellectual function.
19. Decision-making is influenced by directly or indirectly present, past and future events.
20. Process of decision-making is inherent to the planning. Hence, decision-making is an important part of planning.

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 managerial officials, direction, control, new changes and representation etc."

Importance of Decision-making in Management

"Administration essentially is a decision-making process and authority is responsible for making decisions and for ascertaining that the decisions made are carried out in business, whether the enterprise be large or small, changes in conditions occur, shifts in personnel take place, unforeseen contingencies arise. But just to get the wheels started and to keep them turning, decisions must be made." This has been stated by Melvin T. Copeland. John Macdonald has stated somewhere, "Business manager is a man making professional decisions. The matters may be different on which decisions are to be made but the importance of decision-making cannot be ruled-out. Successful running of business depends on the success of the decisions. Decision-making is required in planning, organising, co-ordinating and controlling of the business. The management has to decide what, where, when and how the production or sale is made." Importance of decision-making can be made clear as under:

1. Execution of Managerial Functions: The management has to take number while performing different managerial functions relating to organising, motivating and controlling. Management is not able to walk a single step without decisions, as is evident from all the five functions of management given ahead.

George R. Terry has rightly said, "The fundamental functions of management cannot be performed in the absence of decision-making." The importance of decision-making in performing the various functions of management is explained as follows:

(a) Planning and Decision-making: Planning means determining in advance the activities to be performed in future. Under planning it is determine as to what is to be done, how it is to be done, when it is to done and why it is to be done. Answer to all these questions can be sought out through the process of decision-making.

(b) Organisation and Decision-making: Under organising, the organisational structure is created to give a practical shape to the plans Administration fixes the responsibilities of subordinates and delegates authority to them in order to enable them to fulfil those responsibilities. The answer to all these can be found through the medium of decision-making.

(c) Motivation and Decision-making: In motivation different types of decisions have to be taken in relation to the behaviour of employees like what type of incentive is required, what should be the proportion of monetary and non-monetary incentives, whether negative motivation should be used or not? Answers to all these queries are possible only through decision-making.

(d) Co-ordination and Decision-making: For making co-ordination between activities of different departments and individuals, the management is required to make many decisions.

(e) Control and Decision-making: Under controlling the actual work performance is to be compared with the standard already determined. Case is taken at this stage as to what technique of controlling is to applied when, where and how. All this is possible under decision-making.

2. Helps in Establishing Business Policies: Managers have to take many decisions for determination of organisational policies. They have to go for detailed analysis of various organisational policies. In this analysis, activities of various departments have to be described, which is possible only with the help of decision-making. This decision-making plays a pivotal role in establishing business policies.

3. Successful Running of the Business: For the successful running of a business, the process of decision-making is very important. As, a car needs petrol for running, an enterprise cannot go smoothly without decision-making All the decisions must be taken in the context of various problems and departments of an enterprise.

4. Decision-making is both Means and End: For achieving pre-determined objectives, a manager has to decide about various means. On the contrary, at the other corner, sometime managers have to decide about the objectives.

5. Basis of Action: In decision-making objectives, policies, rules procedures and programmes are converted into real action. Actions cannot be taken without final decisions. No decision-no action is the golden rule of management. Thus, we can say that no action can be initiated without proper decision-making.

6. Decision making and Management are Inseparable: As a manager we have different available alternatives and have to choose the best one. While planning and organising, giving orders and suggestions, evaluating the work appointing any worker, a manager has to take decisions. Thus, management and decision-making are inseparable. A manager cannot take even a step forward without proper decisions.

7. Basis of Evaluation of Performance of Managers: The success of a manager can be evaluated only on the basis of decisions taken by him. In a large business concern owner is unable to perform all the functions and he takes help from managers. For judging the performance of managers' decisions taken by them is a good yardstick. If his decisions are successful and the business has been benefited, we can say that manager is good.

8. Continuous Change and Complexities: In business organisations, many continuous changes and complexities take place. All these changes and complexities are analysed and the conclusion is reached as to what is to be done and how is it be done. All this is possible only with the help of proper decision making.

9. Double Advantage to Managers: The process of decision-making is of great importance from manager's view point. Decision-making first of all is a successful solution of all the business problems, secondly, it brings self-satisfaction in the manager. This double benefit can

only be enjoyed by the manager if all the problems of the business are solved by him with proper decision making.

10. Required in the Attainment of Organisation Objectives: The process of decision-making is considered to be the backbone of every business enterprise. We establish an organisation for the attainment of pre-determined objectives. For the attainment of these pre-determined objectives, decision making is of a great importance.

DR. PANKAJ KUMAR SHARMA