

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-2

PART-XIII

TYPES OF DECISIONS

Various types of decisions taken in an organisation can be categorised as follows:

1. Routine and Strategic Decisions: The dynamic type and common decisions are called routine decisions. For example, Purchase of papers or pencils or do correspondence. However, the decisions made on important matters are called strategic decisions. For example, Reduction or increase in price of goods, to bring inferiority or superiority in the quality of goods.

2. Organisational and Personal Decisions: Chester I. Bernard has divided the decisions in organisational and personal decisions. When any formal decision is made as an executive to the undertaking, it can be said organisational decision. For example, Quantum of goods to be purchased, the place from where it is to be purchased, what should be the channel of distribution etc. Other persons can also be assigned with responsibility of making such decisions. The personal decisions are just contrary meant by the decisions made by an executive personally and not in capacity of being a member of the organisation. Personal decisions cannot be left on other persons.

3. Individual and Group Decisions: The decisions made by an individual or executive are called individual decisions. The person/executive does not include his sub-ordinates for making

such decisions. When the business was carried on small scale during ancient period, all decisions were made by a size of business and complexities, an active cooperation/participation of expert's single man or proprietor to that business unit. However, with increase in the and other persons became necessary in all important decisions of the institution and emphasis used to be laid on the group decisions. Group decisions are made by a group of persons.

4. Programmed and Non-programmed Decisions: Prof. Simon has divided the decisions in two parts-Programmed and non-programmed. The programmed decisions are made on day-to-day matters and a definite process fixed for it. Non-programmed decisions are made when any special opportunity arises or circumstance created and not on day-to-day matters. The decision relating to establishment of any new branch of business are made under them.

5. Policy and Operation Decisions: The decisions made on the bas policies of company or on important matters are called policy decisions. For example, to determine rate of dividend, to give bonus, etc. If the decisions are made on the ordinary matters, these are called operational decision or ordinary decisions.

6. Enterprise, Inter-departmental and Departmental Decisions:

- (a) The decisions made by the top officials and related to the whole undertaking are called I enterprise decisions. These have an impact on all departments and the employees working there. These are also addressed as Top-level decisions
- (b) The decisions made after adequate discussion and deliberations among departmental heads are called inter-departmental decisions. These are man with a view to establish integrity and coordination in the activities of different departments.
- (c) When decisions are made by any Head of Department on the works related to his department under the authority given, are called Departmental decisions.

7. Policy, Administrative and Executive Decisions: Ernest Dale has divided decisions in three parts:

- (a) The policy decisions comprise establishment of business, financial structure, marketing management and composition of organisation, etc. These decisions are made by top level management.
- (b) Administrative decisions are made by the middle level management. These have less importance yet necessary for the smooth running of the re organisation.
- (c) Executive decisions are made by the personnel/employees while aver executing their respective functions.

8. Unplanned and Planned Decisions: Roy A. Killians has made this division of decisions. Unplanned decisions require no pre-determined plan as basis and these are made when the opportunities/circumstances appear However, the planned decisions are made according to the determined plan Scientific methods are applied for making such decisions.

9. Environment, Mission and Output Decision: Hodge and Johnson have divided decisions in three divisions-

- (i) Environment decisions
- (ii) Mission decisions, and
- (iii) Output decisions.

Environment decisions are made with an objective to tie natural and in natural environment with a single cord. These are made for increasing the efficiency and speed of the institution. Mission decisions are made to guide functions of the institution. Output decisions are made by taking in account, the entire atmosphere of the institution.

10. Major and Minor Decisions: The decisions made on import matters are called major decisions. For example, Acquisition of huge land or plant. Contrary to it, the decisions made

on common matters are called minor decisions. For example, Purchase of fewer goods for office.

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