

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-2

PART-XVI

ELEMENTS OR CRITERIA FOR SOUND DECISION-MAKING

A sound decision must have the following elements or criteria:

1. **Economic Element:** Every business enterprise aims for achieving profits and hence a decision must fulfil this economic criterion.
2. **Social Element:** Main objective in any business enterprise is to maximum discharge social obligations. Hence, the social criterion in every organisational decision must be such as to ensure maximum advantages to the society. The decision must be such that it helps in providing the necessary commodities and services to the maximum people of society at the minimum costs.
3. **Moral Element:** A business decision must be according to moral values and social ethics because only such a decision can be socially correct.

4. **Legal Element:** Laws protect the business. No decision can be taken beyond legal rules and regulations. So all the business decisions must be taken according to laws and rules.
5. **Objective Element:** Every decision has a certain objective. Every objective must be according to main organisational objectives. Decisions must be able to make constructive contribution to the attainment of the objectives of the enterprise.
6. **Time Element:** It is very important for every business that it should be aware of all the happenings taking place in the business world so that in the business world a businessman is able to reap benefits and advantages of opportunities by taking **'right decisions at the right time.'** It is a common saying, delay in making decisions is the enemy of opportunities but to make undue haste is also not the alternative.
7. **Acceptance Element:** All the decisions must be acceptable to those responsible for executing them because the success of a decision depends upon the co-operation and support of the persons who are to implement them.
8. **Element of Completeness:** A decision must be taken only after considering all the factors affecting the decision. A decision must be complete in all respects and all the factors included in it must have mutual relationship.

9. **Element of Practicability:** Before taking a decision all those physical and human resources must be considered which will be required in the implementation of such decisions. No objective can be achieved in the absence of required resources.
10. **Element of Authority:** A good decision can be taken only when the person taking the decision has full authority to do so. The decision-maker must have full authority on the subject and scope of decision also.

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