

DECISION MAKING

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Concept of Decision Making:-

Ans:- Decision making is the process of identifying and selecting a course of action to solve a specific problem from a variety of options. Every managerial decision has an impact on the organization's performance. A decision is a choice between two or more options. It is the process of choosing the optimal option for achieving objectives. It is carried out in order to solve problems. Managers make decisions in order to complete tasks. It's a tool for getting things done.

The process of recognizing and selecting a course of action to solve a specific problem from a multitude of possibilities is known as decision making. Every managerial action has an impact on the overall functioning of the company. A choice between two or more possibilities is referred to as a decision. It is the process of determining the best alternative for achieving goals. It's done to help people solve challenges. Managers make a lot of money.

According to the stones "Decision is the process of identifying and selecting a course of action to solve a specific problem."

Therefore, the success of an organization depends upon the decision-making ability of the manager.

1. Explain the importance of decision making?

Ans:- Decision making is useful for the successful operation all the activities of the organization. The importance of it:

i. Pervasive Function:

Ans:- Decision-making is a widespread activity of management at all levels. Planning, organizing, directing, and controlling are all strategic decisions made by top-level management. Middle management takes

tactical decisions such as work division, authority and responsibility fixation, and effort integration, among other things. This is a necessary if you want your organization's performance to be consistent and smooth.

ii. Indispensable Component:-

Ans:- Decision-making is one of the inseparable parts of management function. It determines all management function and covers every part of the organizational structure. Every manager from top level to the first line is involved in decision-making process according to nature of works.

iii. Evaluation of Management Function:-

Ans:- Furthermore, decision-making is a time-consuming process, with decision-makers devoting more time to selecting the optimal option. The achievement of managerial performance is reviewed and measured against the goals set out in the plan.

iv. Selection of Best Alternative:-

Ans:- The process of choosing the optimal course of action from a variety of options is known as decision-making. Depending on the time and situation, a problem can be solved in a variety of ways. He considers organizational objects while deciding on a course of action. The selection of best course of action is significant to bring smoothness in operation and achieve organization objects.

v. Establishment of Plans and Policies:-

Ans:- The establishment of plans and policies is the initial part of decision-making. Every organization is established for a definite objective and for this purpose formation of plans and policies are necessary.

2. Explain the Steps of Decision-Making Process.

Ans:- the decision-making is a continuous and dynamic process. It involves series of steps. Managers have to follow these steps while taking any decision of organizational interest:-

i. Identification of Problems:-

Ans:- When real and projected performances differ, problems develop. External and internal factors could be to blame for the divergence. As a result, identifying the problem is the first step in management.

ii. Analysis of Problems:-

Ans: A decision maker must gather all facts, statistics, and information relevant to the problem. The amount of facts and the importance of information are determined by the problem's type and complexity.

iii. Development of Alternatives:-

Ans:- A problem may have various alternative solutions. Thus, all possible solution should be identified and studied. The decision maker should be creative and innovative to identify all the alternative solutions.

iv. Evaluation of Alternatives:-

Ans:- After development of alternative solutions, each alternative should be studied and evaluated in terms of decision-making process. They should be examined in light of the effort required and the intended outcome.

v. Selection of best Alternatives:-

Ans:- This is the final stage of decision-making process after evaluation of various alternatives. The management has to select the course of action from many alternatives.

vi. Implementation of Alternatives:-

Ans:- This is the part of the decision-making process that is operational. Following the selection of the best choice, management must put it into action.

3. Explain the Types of Managerial Decisions.

Ans:- The following are the common types of managerial decision:-

i. Programmed Decisions:-

Ans: For problems that are repetitive or regular, a programmed decision is required. It is not required to do a thorough investigation in order to address any problem.

ii. Non-Programmed Decision:

Ans:- Non-programmed decision is needed for new or complex type of problems. It is necessary to make detail study of the problem and its alternative solutions before coming to a final course of action.

iii. Routine Decisions:-

Ans:-Routine choices are relevant to the organization's day-to-day operations.
Many recurrent challenges may occur during the organization's normal activity.

iv. Basic Decisions:-

Ans:- Strategic decisions are often referred to as basic decisions. Basic decisions are required for the organization's long-term existence and growth. Such choices are usually the responsibility of high management. For such decisions, creativity, deep study of future impacts, judgment and intuition of management are necessary.

v. Organization Decision:-

Ans:- Organization decisions are also known as formal or official decisions. Such decision is the formal decision taken by considering the goals of the organization. Generally, decision maker defines line authority for such decisions and are implemented directly in organizational performance.

vi. Personal Decisions:-

Ans:- Informal or individual decisions are also known as personal decisions.

Individuals' personal talent, knowledge, and capacity are used to make such decisions. Such judgments have little bearing on the organization's overall success. It is impossible to entrust personal decisions to others.

vii. Individual Decisions:-

Ans:- In individual decisions, a single person is involved in decision-making process. Here decision maker has to consider organizational objectives and working environment for taking decisions.

viii. Group Decision:-

Ans:- In group decisions, a group of persons are involved in decision-making process like board of director, management committee, partners etc. Such decisions are taken in large organizations like in Joint Stock Company, partnership firms, cooperative organization etc.

ix. Policy Decisions:-

Ans:- Top-level management makes policy decisions that have a long-term impact on organizational performance. New rules, regulations, and programs are introduced, current rules are amended, new products or services are introduced, and so on. Generally, the top-level management has to consider about the impact in future performance for taking such decisions.

x. Operational Decisions:-

Ans:- Operational decisions are made at the management level and are concerned with the organization's day-to-day operations.

Such decisions are made for the practical implementation of top-level management's goals and policies. Changes in work schedules, staff remuneration, machine and equipment setup, and so on are all part of these decisions.