

Decision Making

Models of Decision Making

- The Rational Model
 - Consists of a structured four-step sequence:
 - identifying the problem
 - generating alternative solutions
 - selecting a solution
 - implementing and evaluating the solution

Simon's Normative Model

- Based on premise that decision making is not rational
- Decision making is characterized by
 - * limited information processing
 - * use of rules of thumb or shortcuts
 - * satisficing

Assets of Group Decision Making

- Groups can accumulate more knowledge and facts
- Groups have a broader perspective and consider more alternative solutions
- Individuals who participate in decisions are more satisfied with the decision and are more likely to support it.
- Group decision making processes serve an important communication function as well as a useful political function.

Liabilities of Group Decision Making

- Groups often work more slowly than individuals.
- Groups decisions involve considerable compromise that may lead to less than optimal decisions.
- Groups are often dominated by one individual or a small clique, thereby negating many of the virtues of group processes.
- Overreliance on group decision making can inhibit management's ability to act quickly and decisively when necessary.

Individual vs. Group Decision Making

- In *establishing objectives*, groups are probably superior to individuals because of the greater amount of knowledge available to groups.
- In *identifying alternatives*, the individual efforts of group members encourage a broad search in various functional areas of the organization.
- In *evaluating alternatives*, the collective judgement of the group, with its wider range of viewpoints, seems superior to that of the individual decision maker.

Individual vs. Group Decision Making

- In *choosing an alternative*, group interaction and the achievement of consensus usually result in the acceptance of more risk than would be accepted by an individual decision maker.
- *Implementing a decision*, whether or not it was made by a group, is usually accomplished by individual managers.