

DECISION MAKING IN ADMINISTRATION AND MANAGEMENT

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Decision making is a common everyday phenomenon. Everybody needs to take decision either on personal or public matters. No organization can run without decision and without it, the fundamental functions of management could not exist. Decision making is one of the important elements of administration.



DEFINITION

Decision making process is a conscious, intellectual activity involving judgment, evaluation and selection from among several alternatives.

- Claude

Decision making is to solve any obstacle that stands between decision maker and the accomplishment of the organization.

- Hodge and Johnson

Decision is the selection of the best alternative among alternatives of a course of action.

- Koontz & O' Donnel

FEATURES OF DECISION MAKING

- Selection of best alternatives from the choices available.
- Selected alternatives should be based on the judgmental, reality and unbiased approach.
- It is a goal oriented activity.
- Decision may be negative or positive according to the situation.
- Time is important dimension of decision making.
- Decision taken by the top level management but it demands participation of the subordinates.
- Decision must take accounts of personnel and material resources.
- Decision must be implemented and communicated effectively
- Evaluation must be there in every step of decision making.

Types of decision making

There are 4 managerial decisions

- a. Mechanistic decision
- b. Analytical decision
- c. Judgmental decision
- d. Adoptive decision

Mechanistic decision

It is routine and repetitive in nature. It usually occurs in a situation involving a limited number of decision variables where the outcome of each alternative is known.

Analytical decision

This decision helps to solve the complex problems. It involves a problem with a large number of decision variables where the outcome of each decision alternatives can be computed.

Judgmental decision

Decision involves a problem with a limited number of decision variables but the out of the decision alternatives are unknown. These types of decision are useful in marketing investment and to solve the personal problems.

Adaptive decision

These decisions involve a problem with a large number of decision variables where outcomes are not predictable. Such ill structured problems require contribution of many people with diverse technical background. E.g. Research finding.

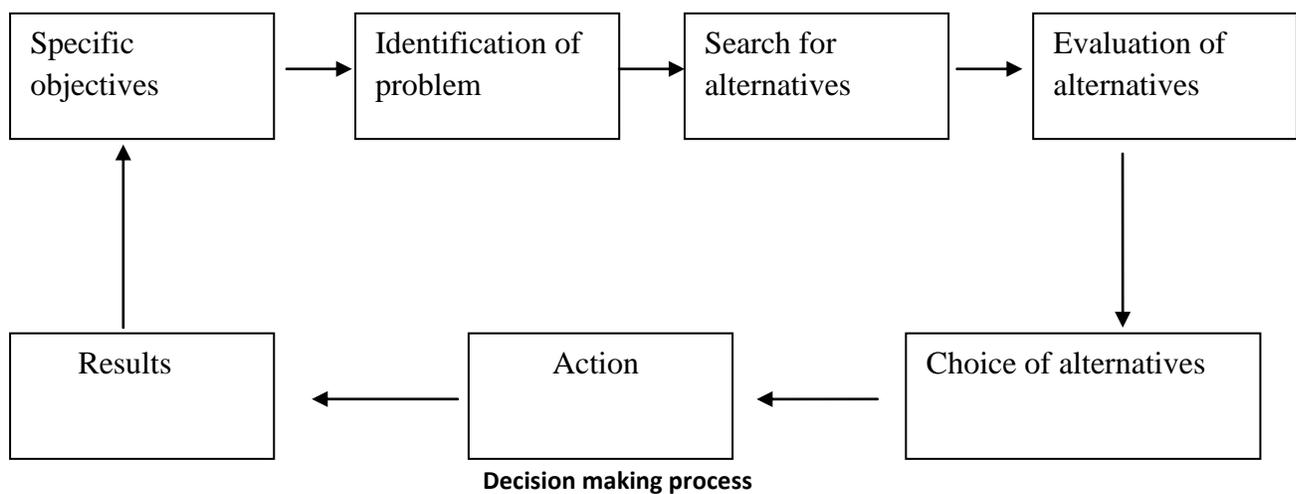
BASES OF DECISION MAKING:

There are six important bases for decision making which are referred to as aids to decision making and they include experience, authority, facts, intuition, research, analysis and experimentation.

1. **Experience:** Experience is the most important and valued basis for making decisions. Experience gives the administrator the requisite vision that trains him to apply his knowledge to the best of its use and that helps him to recognize the crucial factors from unnecessary details.
2. **Authority:** Provides an important basis for enabling managers to take quick and sound decisions.
3. **Facts:** Provide the solid basis for decision making. Decisions become wrong only when adequate facts are not available on the problem. The computer technology has been introduced for supplying greater facts to operating managers.
4. **Intuition:** It is the residuary basis for covering up deficiencies in other three bases of decision making. It includes guess work, and common sense views.
5. **Research and analysis:** These are the most effective basis for choosing among alternatives. It helps in finding out relationships among the other important variables.
6. **Experimentation:** This provides another means by which various alternatives can be evaluated. Since experimentation becomes an expensive basis for decision making in many cases, it is used sparingly for indicating the best course of actions in problems like policy formation, product development, introduction of new organizational technique etc.

DECISION MAKING PROCESS

Decision making process helps the administrator to examine each element that leads to a decision. It is a dynamic process.



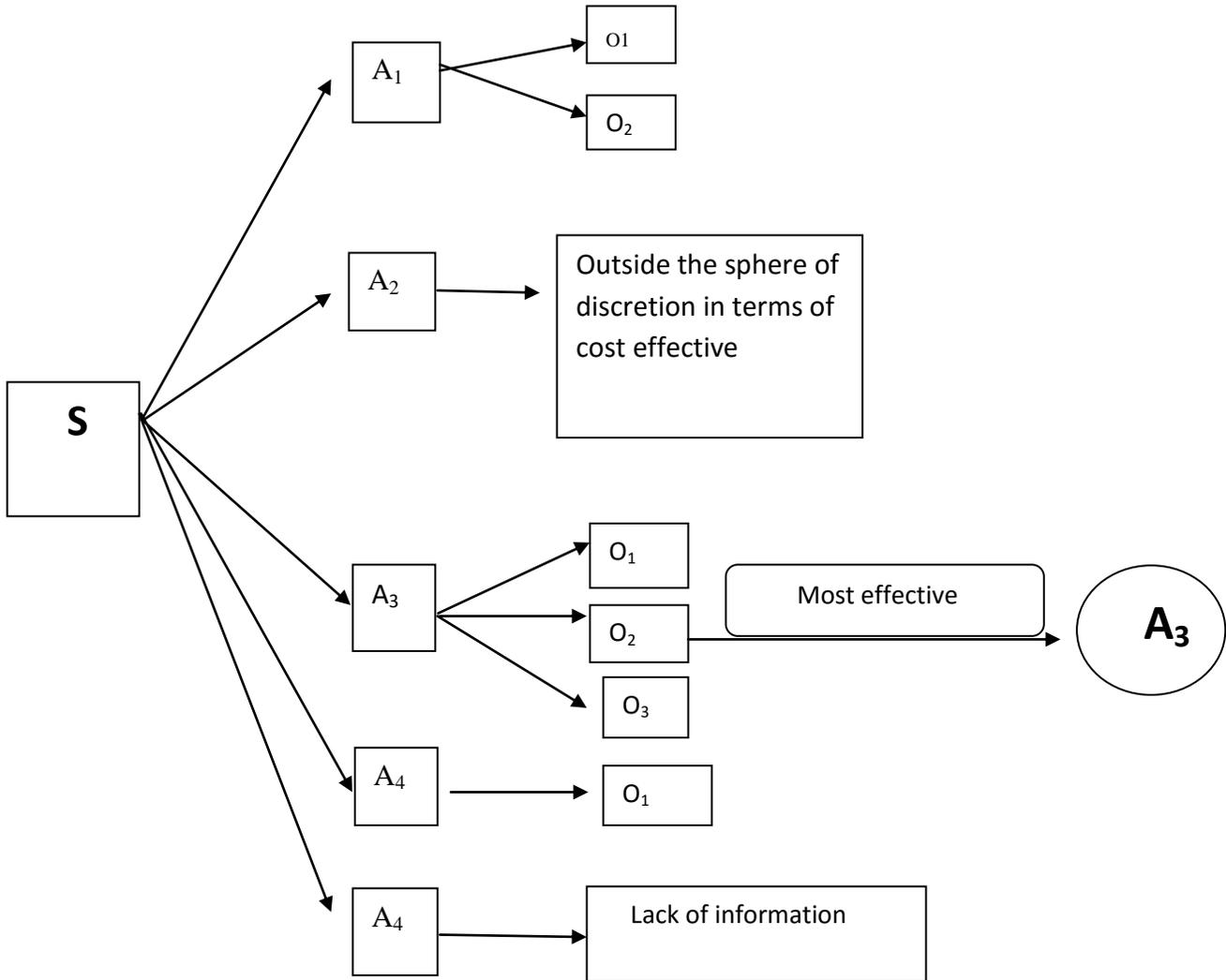
Specific objectives: first of all in all decision making activity there is a need to specify some objectives to achieve the desired results. It helps the administrator to go to the right path.

Identification of problem: The first step is to determine what the real problem is? If the problem is not ascertained correctly at the beginning, money and effort spent on the decision making will be a waste. The original situation will not come under control, but new problems will start from this incorrect.

Search for alternatives: After analyzing the problem attempts are made to find alternative solutions to the problem. In the absence of alternatives decision making process will become ineffective.

Evaluation of alternatives: After identifying the various alternatives. Then the next step is to evaluate each one for their positive and negatives outcomes.

Selection of alternatives: Selection of one best course of action among the several alternatives developed; require an ability to draw distinctions between tangible and intangible factors as well as facts and guesses.



S- Situation decision

A- Alternatives

O- Possible outcomes

Action: After selecting the best alternative among others, the administrator will implement and take final decision to achieve the result.

Results: the outcome of alternatives provide indication whether the decision making and the implementation is proper or not. As a safe guard against the incorrect decisions managers are required to a system of follow up care of the decisions so as to modify them at the earliest.

FOR EFFECTIVE DECISION MAKING YOU NEED

- ✚ Identify clear objectives
- ✚ Gather the necessary data and resources
- ✚ Participation of others
- ✚ Listen properly
- ✚ Value your experience and intuition
- ✚ Search so many alternatives
- ✚ Evaluate the outcome and the process
- ✚ Implement the decision after selecting the best possible solution
- ✚ Communicate to all
- ✚ Follow ups
- ✚ Evaluate the results
- ✚ If there is need to change the alternative implement other best one

FACTOR AFFECTING DECISION MAKING

Internal factors

- Decision makers physical and emotional status
- Personal characteristics and values
- Past experience and interest
- Knowledge and Attitude
- Self awareness and courage
- Energy and creativity
- Resistance to change
- Sensitivity and flexibility

External factors

- Cultural environment
- Philosophical environment
- Social back ground
- Time
- Poor communication
- Cooperation
- Coordination

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