The term 'general decision process' is used to define various activities involved in decision-making. These range from purpose determination through specific goal development to the design of specific solution strategies. Generally, the following steps are involved in decision-making.

The General Process of Decision-making:

- Defining the Problem
- Analysing the Problem
- Developing Alternative Solutions
- Evaluating the Solution
- Making the Decision
It is essential for the decision-maker to find and define the problem before he takes any decision. It is not an easy task. Sufficient time is required to be spent on defining the problem. Practically, no problem ever presents itself in a manner that an immediate decision can be taken. Problem definition or task definition results in a statement of the things that must be changed if the executive is to achieve his purpose. For example, his purpose may be secure a substantial position in an entirely new market segment, but his present condition may be far from this goal. The task is defined by determining:

1) how far he is from achieving this purpose,
2) the major factors that account for the deficiency and
3) the barriers that stand in the way of success. The general question typical of this stage is, "What problems must we solve in order to achieve our purpose"?

* Please see the next page for Foot-Note
* Luis A. Allen Depicts: "Knowing that the best way to get the facts is by finding the answers to the questions - What? Why? Where? Who? and When?

What: Calls for a description of the situation. What is the new appraisal form to be used for?

Why: Involves the reasons for the problem's existence. Why is the form being changed?

Where: Refers to the place element. Where is the new form to be used?

Who: Covers the people involved. Who is to be held responsible for completing the appraisals?

When: Refers to the time element. When are the new appraisals to be used?

* Luis A. Allen Depicts: "Knowing that the best way
DECISION-MAKING PROCESS

1. Objectives & Goals
2. Problem or Task definition
3. Information
4. Analysing the problem
5. Alternatives
6. Evaluating
7. Selecting
8. Implementing
9. Feedback information
In short, the manager must carefully diagnose the problem. He must try to have an overall view of the situation to find the real problem. It is also important to keep in mind the immediate as well as long-run objectives of the business while defining the problem.

b) Analysing the problem:

After defining the problem, the next phase of decision-making is the analysis of problem which involves classifying the problem and gathering information. It is necessary to classify the problem in order to know who must make the decision, who must be consulted in making it and who must be informed. Without prior classification, the effectiveness of the ultimate decision, is seriously endangered, for classification alone can show who has to do what in order to convert the decision into effective action. The problem should be classified keeping in view the following guidelines:

a) the nature of the decision i.e. whether it is strategic or it is routine.
b) the effect of the decision on other functions
c) the risk involved in the decision
d) the periodicity of the decision and
e) the limiting factor relevant to the decision.
In order to analyse the problem and to make a sound decision, a lot of information is required. The manager has to determine what type of information he requires and how he should get it. In order to collect facts and figures also one requires certain skills, one must know various alternatives and how to use it.

c) Developing alternative solutions:

After defining and analysing the problem the next step in the decision-making process is the development of alternative courses of action. It should be an invariable rule to develop several alternative solutions for every problem. Alternatives exist for every decision problem. The main purpose of finding alternative solutions is to make the best decision after a careful consideration of the most desirable courses of action in the circumstances of the case.

The development of alternatives is no guarantee of finding the best possible decision, but it certainly helps in weighing one alternative against another and thus minimise uncertainties. It is not always necessary that the alternative solutions will lead to taking some action. To decide to take no action is also a decision as much as to take a specific action. It is imperative
in all organisational problems that the alternative of taking no action is being considered.

*Peter Drucker* depicts "Of course, searching for and considering alternatives does not provide a man with an imagination he lack. But most of us have infinitely more imagination than we ever use. A blind man, to be sure, cannot learn to see. But it is amazing how much of a person with normal eyesight does not see, and how much he can perceive through systematic training of the vision. Similarly, the minds of vision can be trained, disciplined and developed. And the method for this is the systematic search for and development of the alternative solutions to the problem".

d) **Finding the best solution**:

After developing the alternatives the manager should test each of them by imagining that he has already put each into effect. He should try to foresee the probable desirable and undesirable consequences in adopting each alternative. After having done this he

* Drucker Peter F., The Practice of Management
N.Y. : Harper and Brothers, Publishers,
will then be in a position to compare the various alternatives. In this process he should think of the risk which is involved in each course of action.

Peter Drucker has laid down four criteria in order to weigh the consequences of various alternatives. They are :-

i) Risk : A manager should weigh the risks of each course of action against the expected gains. As a matter of fact, risks are involved in all the solutions. What matters is the intensity of different types of risks in various solutions.

ii) Economy of Effort : The best manager is one who can mobilise the resources for the achievement of results with the minimum of efforts. The decision to be chosen should ensure the maximum possible economy of efforts, money and time.

iii) Situation or Timing : The choice of a course of action will depend upon the situation prevailing at a particular point of time. If the situation has great urgency, the preferable course of action is one that alarms the organisation that something important is happening. If a long and consistent effort is needed, a 'slow start gathers momentum' approach may be preferable.
iv) **Limitation of Resources**: In choosing among the alternatives, primary attention must be given to those factors that are limiting or strategic to the decision involved. The search for limiting factors in decision-making should be a never ending process. Discovery of the limiting factor lies at the basis of selection from the alternatives and hence of planning and decision-making.

*Harold Koontz and Cyril O' Donnell have suggested three bases which should be followed by a manager for selection among the alternatives.*

These are experience, experimentation and research and analysis.

(a) **Experience** :

In making a choice, a manager is influenced to a great extent by his past experience. Sometimes, managers give undue importance to past experience. Such an attitude may be tal in certain situations. So he should take sufficient care while depending upon his

past experience. He should compare both the situations. However, he can give much reliance to past experience in case of routine decisions but in case of strategic decisions, he should give the least possible weightage to his past experience to reach at a rational decision.

(b) Experimentation :-

Under this, the manager tests the solution under actual or simulated conditions. This approach has proved to be of considerable help in many cases in test marketing of a new product. But it is not always possible to put this techniques into practice because it is very expensive. It is utilised as the last resort after other planning techniques have been tried. It can be utilised on a small scale to test the effectiveness of the decision. For instance, a company may test a new product in a certain area before expanding its sale nation-wide.

(c) Research and Analysis :-

It is considered to be the most effective technique for selecting alternatives where major decisions are involved. It involves a search for relationships between the more critical variables, constraints and premises that
bear upon the goal sought. In a real sense, it is the pencil and paper approach to decision making. It weighs various alternatives by making models. It takes the help of computers and certain mathematical techniques. This makes the choice of the alternative more rational and objective.

e) Making the decision effective:

This is the point of selection and commitment. After having defined the problem, analysed the problem and having developed and evaluated alternative solutions, the manager can select from these alternatives to determine the best possible solution. The knowledge obtained by past experience is generally a helpful guide in arriving at the final decision. Decision must help people in achieving their objectives, assisting them in their work with a greater sense of achievement. The decision-maker should choose the preferred purpose, the most reasonable task statement or the best course of action. The main problem which the manager may face at the implementation stage is the resistance by the subordinates who are affected by the decision. If the manager is unable to overcome this resistance, the energy and efforts consumed in decision-making will be a wastage.
In order to make the decision acceptable, it is necessary for the manager to make the people understand what the decision involves, what is expected of them and what they should expect from management.

It is essential that the subordinates should be allowed to participate in the decision-making process.

Louis A. Allen has rightly remarked "A primary ingredient in effective teamwork is giving to members of the team a feeling of participation and identification with the organisation. One of the best ways to do this is to give people a chance to be heard in decisions that affect them".

The subordinates should be encouraged to suggest alternatives. If this is done the subordinates will feel attached to the decision. In order to have effective implementation of the decision, participative management proves to be very useful.

Follow up:

*Kenneth H. Killen has suggested that it is

better to check the results after putting the decision into practice. The reasons for following up on decisions are as follows:

(i) If the decision is a good one, one will know what to do if faced with the same problem again.

(ii) If the decision is a bad one, one will know what not to do the next time.

(iii) If the decision is bad and one follows up soon enough, corrective action may still be possible.

An efficient system of feedback information must be devised by the management for achieving proper follow up. This information will be very useful in taking the corrective measures and while taking decisions in future.

The process of decision-making has been explained by H.A.Simon by providing most explicit descriptions.

**The Decision-Making Process**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Activities</th>
</tr>
</thead>
</table>
| 1. Intelligence | - Recognize opportunities and problems  
- Gather and structure data.  
- Develop boundaries,  
- Establish goals, objectives and evaluation criteria. |
2. Design
- Delineate and enumerate alternatives
- Analyze and synthesize alternatives
- Evaluate alternatives based on goals, objectives and criteria.

3. Choice
- Choose the best alternative

4. Implementation
- Prepare a plan of execution designing expectations.
- Examine Feedback (results from the operations)
- Manage (control) the operations.

In the first phase of decision-making, manager is concerned with gathering and recording the perceptions and events about the micro and macro environment of the concern. The goals, objectives and evaluation criteria and developed within the accepted boundaries of the data and information available. Even more demanding is the task at the second stage which involves in delineation and analysis of various alternatives. The desired results of each alternative are usually predicted in this phase. The third stage, is the stage of making a choice of the best amongst the alternatives. Implementation stage, as a
Fourth stage, has been added to Simon's three stages. This stage involves in the development of a programme to carry out the chosen alternatives.

In each stage of decision-making a decision-maker has to make a series of smaller and smaller decisions. The process of decision-making is continuous and complex and a decision-maker cannot realistically proceed until he has established a direction to follow.