CHAPTER VI
DECISION MAKING - PRACTICAL PROBLEMS

A bad decision may force you to make another one, but a good decision is never an accident, it is always the result of high intention. Many people still remain in the bondage of self-incurred tutelage. Tutelage is a person's inability to make his/her own decisions.

Select the goal that satisfies your "values", and that must be expressed on a numerical and measurable scale. This part is neglected by many decision makers. The goal that we wish to achieve must be a clear cut one. Lack of deep immersion in your decision making process make you dull rather than being creative. One thing that is to be understood is there are no such thing as a creative/non-creative person. It is the creative process that makes you more creative.

_Pablo Picasso_ said about himself, "All human beings are born with the same creative potential. Most people squander theirs away on a million superfluous things. I extend mine on one thing and one thing only, my art." At times there are critical moments when the decisions can be difficult, perplexing and nerve-wracking. Making decisions can be hard for a variety of reasons such as structural, emotional and organizational. Doubling the difficulties are factors such as uncertainties, having multiple objectives, interactive complexity, and anxiety".

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Another problem faced in decision making is that, when the decisions are not made strategically. To make strategic decisions, it requires that one takes a structured approach following a formal decision making process. Otherwise it will be difficult to be sure that one has considered all the key aspects of the decision.

The simplest decision model with only two alternatives, is known as Manicheanism, which was adapted by Zavathustra (B.C, 628-551) and then taken by all other organized religion. That is not possible today as we are faced with not two alternatives like night and day, good and evil, but multiple alternatives. There are certain factors that need to be given importance while making a decision. If these are neglected, then we have to face problems while making a decision:

1. The decision-maker or the group.
2. The analyst who models the problem in order to help the decision maker.
3. Controllable factors (including your personal abilities and physical resources).
4. Uncontrollable factors.
5. The possible outcomes of a decision.
6. The environment/structural constraints.
7. Dynamic interactions among these components.

One may question us that, "why must be learn the decision-making process"? The answer to this question is:

Ibid, p.73
- Organizations are becoming more complex.
- Environments are changing so rapidly that past practices are no longer adequate.
- The costs of making bad decisions has increased.

So before making a decision these three aspects must be kept in mind that will help us to minimise the problems while making a decision.

- You must see, but that is not enough; you must take time to observe.
- You must think, but that is not enough; you must then take time to reason.
- You must realize what is to be done, but that is not enough; you must then take time to understand, "how and why" and the consequences.
- You must also plan well your actions; but that is not enough; you must then take time to implement and perhaps adopt, your plans.
- You must now communicate with the decision maker what you have done, but that is not enough; you must then take time to interpret what you have accomplished, its meaning and consequences, so that others may also see.

While making a decision, the above points must be kept in mind that will help us to achieve other objectives without any difficulties. One can dance with logic. Knowledge is very important for a person who makes a decision.
Doing something does not imply understanding what we are doing or being conscious of how we are doing it. It is essential for a manager to keep the following points in mind to avoid problems while making decisions:

- How simple and elegant the decisions are.
- How well they fit in prevailing structure of existing theories.
- How flexible they are through their various admissible interpretations.
- How large their scope of validity and accuracy are in explaining observed phenomena predicting unobserved ones.

The decision-makers environment or the organizational climate is very important. If this part is neglected, difficulties are faced by the decision-maker:

- If development of the subordinates are not seen as an important part of HR by the manager, then in that case whatever decisions they make, goes futile.
- Top management must be willing to invest a considerable part of the time and other resources to ensure the development of the employees.
- People, lacking competence in doing their jobs must be helped to acquire competence, rather than being left unattended.
- People in the organization should always be helpful to each other.
- There should be a mechanism in each and every organization to reward any good work done or any contribution made by the employees.
The psychological climate in the organization is very important and conducive to any employee interested in developing himself by acquiring new knowledge and skills.

HR should be encouraged to experiment with new methods and to try out creative ideas.

Employees returning from training programs should be given opportunities to try out what they have learnt.

Proper team spirit should be encouraged.

The organization's future plan should be communicated to the managerial staff to help them develop their juniors and prepare them for the future.

Proper delegation of authority along with responsibility should be ensured.

Further problems in decision making can be avoided by:

- Determining and revealing the organization's purpose in terms of its long-term, objectives, action programs and resource allocation priorities.
- Providing a coherent, unifying and integrative pattern of decisions, a firm is to make.
- Defining the nature of economic and non-economic contributions the firm intends to make to its stakeholders.
- Engaging all the hierarchical levels of the firm - corporate, business and functional.
• Selecting the business the organization is in, or is considering to enter.

• Attempting to respond properly to both the environmental opportunities, threats, strengths and weaknesses of the organization.

Do not just give him / her the computer print-out. You must also provide managerial interpretations of the strategic solution in some non-technical terms while preparing for a decision. Software helps you get the solution, but explaining part should be done by the decision maker, to make things live.

The importance of feedback and control not to be neglected while making decisions, to avoid problems:

It is necessary to emphasize more on the importance of strategic thinking about the feedback and control aspect of a decision problem. It would be a mistake in discussing the decision process to ignore the fact that one can never expect to find a never-changing, immutable solution to a business decision or problem. The very nature of the environment in which business decision-making takes place is change and therefore feedback and control are an important part of decision making.

Certain tips to avoid difficulties while making decisions

• Suppress randomness.

• Add stronger assumptions and restrictions.
Run separate segments of complicated models above, so that the results can be verified.

Cost consideration is very important while making a decision. In this case, the results can be disastrous to the decision-making process and to the firm itself. Some companies use "ball park" results to save on the cost and get the results quicker. Enormous energy is wasted and wrong decisions are made because people make assumptions contrary to the facts and proceed with their deductive theorizing on the bases of those assumed (but wrong) facts.

There are certain difficulties of Analytical Process namely:

- Many conflicting 'fuzzy' goals.
- A lack of specificity as to what the decision variables (and hence those variables subject to control) and the fixed inputs (parameters) are.
- Uncertainty as to the bounds or restrictions on the decision variables and their functions.
- A lack of knowledge of cause-effect relationship.
- Stochastic (probabilities) elements.
- An underlying dynamic character that causes the goals, restrictions and cause effect relationships to vary over time.
- Unavailability of data necessary to specify the problem.
- A qualitative description of some of the datas.
• The possibility of unforeseen consequences resulting from the alteration of existing conditions or the imposition of new ones.³

There are many reasons that contribute for problems in decision making such as:

• Too many decisions are based on guess work, not facts. Many opportunities are also missed, if they are ever noticed at all.
• The real problems are tough to define and usually difficult to analyze and model.
• Datas are often scattered, incomplete and lacking in accuracy. Some companies are satisfied with 'ballpark' results to same cost and get quick results. The 'ballpark' results use less datas and more assumptions.
• Lack of close collaboration between the modeler and the problem owner.
• It is easier to make plans, than to carry them out.
• There exists a need to influence the culture and attitude towards modeling within the business community and this requires a more capable and better educated manager.
• Managers are poorly trained in the concepts and / or the use of analytical models.

Bob Bedow, DELEX systems Inc., talks about, The ten natural laws! which may be a guide for making decisions without any difficulties:

• Ignore the problem and go immediately to the solution that is where the profit lies.
• There are no small problems, only small budgets.
• Names are control variables.
• Clarity of presentation leads to aptness of critique.
• Invention of the wheel is always on the direct path of a cost plus contract.
• Undesirable results stem only from bad analysis.
• It is better to extend an error than to admit a mistake.
• Progress is a function of the assumed reference system.
• Rigorous solutions to assumed problems are easier to sell, than assumed solutions to rigorous problems.
• In desperation address the problem.

Further practical problem in Decision Making can be easily avoided by:

• Formulating the issue.
• Identifying the alternative actions.
• Valuing the possible outcomes (not merely in monetary terms).
• Encoding uncertainty.
• Certainty Equivalent (C.E.).
• The Value of Perfect Information (VPI).
• The Value of Imperfect Information (VII).

Integration in a logical manner is lacking and this is one of the major problem in Decision Making. What you can do?, What you know? and What you value? Questions likes these should be made clear by the Decision Maker.

Risk attitudes plays a great role as one of the problem in Decision Making. There are multiple decision makers with competing projects and alternatives. Organizations have difficulties in achieving high-quality decisions because of:

- Too much time spent on unimportant details.
- Competing values which are difficult to trade off.
- Inappropriate scope of analysis.
- New issues are raised after recommendations.
- Implementation personnel are not included in the process.
- Information is obviously biased.
- Lack of management commitments.
- Lack of reliable honest informations.
- Lack of adequate time and resources.
- Lack of trained facilitators.
- Information overload.

Another practical problem in the process of decision making is the delegation of authority. L.A. Allen in his book Professional Management says "I delegate everything that can be defined. This leaves me with score keeping on jobs that have been delegated and with freedom to spend most time planning opportunities that lie ahead. As soon as they are defined they will
be delegated. My practice has been to select jobs I know best and could supervise most easily and delegate them first. Then as soon as the next job is defined and we could afford staff it was delegated".\(^{5}\)

Before delegating, the degree of delegation must be designated according to the following categories. But if it is neglected, problem arises.

- Authority retained by the delegator.
- Subordinates can act after the delegates approval.
- Subordinates acts and then reports to the superior.
- Complete authority is delegated.

If the categories of delegation is not defined properly it leads to confusion. We may ask why to delegate, but it is the process of empowering another person to act for the manager. The practical reasons that will be helpful while delegating are:

- It reduces the burden of responsibilities carried by the manager.
- It provides for the extension of facilities by the establishment of local centres in different areas.
- It provides more time for constructive review.

Delegation determines how effectively a manager is able to multiply his limited capacities through others. Theodre Roosevelt observed once: "The best executive is the one who has enough sense to pick good men to do what

he wants done, and self-restraint enough to keep from meddling with them while they do it".6

The reluctance to delegate and to accept the same should be handled properly. While delegating, there are certain guidelines that will solve the practical problem in decision making:

- Select proper subordinates.
- The organization's culture is very important.
  - An atmosphere of trust and risk-taking,
  - Delegations should be in writing.
- Proper authority structure.
- Proper control system.

Other problems involved in Decision Making are:

- The soundness of decision.
- The decision environment.
- The timing of decisions.
- The psychological factors involved in decisions.
- The extent of participation.
- The attitude towards making a decision.

Though the concept of team decisions are gaining momentum, here too we face problems. In the past, the effective manager was all too often seen as

Ibid, p.148
an all-knowing tough, single-minded individual who made decisions that his or her underlings followed. But the successful managers of today and the future is a member of a team that pools its expertise and knowledge to find solutions to a wide range of problems. Since the structure of the work unit itself is evolving, the team decision-making process is also changing.

Although they take more time, group decisions tend to incorporate the maximum data and experience (both good and bad), plus a diversity of opinion. This diversity of opinion is the practical problem. After arriving at a decision, the team disbands. But, they have to work together to carry out their routine jobs. Here lies the problem. It is not possible to give weightage to all the members opinion and some of these opinions have to be neglected or they are not taken into account. Here comes the difference of opinion. It is not possible to pacify all the team members. Obtaining consensus in a team is a tough job. Certain things should be avoided, if we need to get a good team decision making results without facing any problem(s), namely:

- Don't fall into the trap of adjusting your ideas to move with the drift of the discussion.
- If you punish people for suggesting concepts that are unusual or untested, chances are, they will stop participating. After having been joined the team, if people don't participate openly, then there is no need for a TDM.
- Trust is very important in team decisions. So, get the same avoid personality conflicts, power plays and backroom politicking.
Understanding of the process is very important. If this basic thing is lacking, then we have to face problems. So, the process that the team is using should be understood by every one.

Same information should be received by all the team members. Make sure that different and varied information may lead to confusion and problems.

To avoid problems and difficulties in decision making as a team, the following tips will help us to reach a consensus:

- Make sure that all the views of all the members have been heard.
- Make sure that all the members have been frank and honest.
- Make sure that the members can support the decisions taken by the team.
- Make sure that informations have been shared.

Not all the time team decision will help us. In general, decision should be made on a team basis if:

- The solution has a long-term implication.
- It is a sensitive issue and team members need to know and understand how such a decision was reached. Sensitive issue might also include affirmative actions, scheduling and discipline.
- The outcome affects every one in the group.
- The solution is critical for the team's customers since, customer satisfaction is based on the efforts of a team, not an individual effect.
Further, problems are faced in team decisions if the ideas of the participating individuals are edited.

- Do not criticize the ideas, for people may not be open further once criticized.
- Encourage humorous ideas to help the session live.
- Do not say no time for further discussion and also don’t take too much of time.
- Construct work team of 50 per cent new and 50 per cent existing employees (this will be a sort of training for the new ones).
- Communicate your team decision to those who are likely to get affected.
- Develop a proper and effective plan to implement the team’s decision.
- Allow each individual to fully present his or her ideas before recognizing the next speaker.

There are certain pre-requisite qualities for the members of the team and if neglected, problems will emerge while making decision as a team namely:

- Be a self-starter.
- Be articulate.
- Try to be a creative problem solver.
- Have a good public relation.
- Practice organization and research skills.
• Encourage delegation skill.
• Have ability to prioritize things.
• Have a good writing skill.
• Have a good outreach experience.
• Be able to handle and create budgets.

There are certain pitfalls in building good decisions, which stand as an obstacle and leads to problem namely:

• Unintended consequences.
• Lack of complete context or sufficient data.
• Just ‘moving the monkey’ to some one else back.
• Overly simplistic treatment of multiple issues.
• Lack of buy-in from the people who must implement.
• Not seeing ‘outside the box’.
• Not considering discrete solutions for various elements of the problem.
• Defending the decision for a wrong reason.
• Finally, not moving fast enough to be effective.

COMMON - DECISION MAKING MISTAKES THAT SHOULD BE AVOIDED WHILE MAKING DECISIONS

• Relying too much on ‘expert’ information.
• Overestimating the value of information.
• Underestimating the value of others.

Not remembering that, people perceive things differently.

Information is the bed-rock for any type of decision. There are certain desirable qualities of such information. Information just for the sake will help us in no way. The following are the qualities of information and its description. If this part is neglected then problems are faced while making a decision.

<table>
<thead>
<tr>
<th>Quality</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>1. Availability</td>
<td>Is accessible to those who need it.</td>
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<tr>
<td>2. Comprehensibility</td>
<td>Is understandable to those who need it.</td>
</tr>
<tr>
<td>3. Relevance</td>
<td>Has a bearing on matters pertaining to the performance and of the organization.</td>
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<tr>
<td>4. Usefulness</td>
<td>Is in a form that makes it capable of being used.</td>
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<td>5. Timeliness</td>
<td>Is available at the right time</td>
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<td>6. Reliability</td>
<td>Can be wanted on to be trustworthy.</td>
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<tr>
<td>7. Accuracy</td>
<td>Is correct.</td>
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