

## APPROACHES TO DECISION MAKING IN MANAGEMENT

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*"It does not take great men to do things,  
but it is doing things that makes men great".*  
-- ARNOLD GLASOW

### ABSTRACT

Manager's decision making is an intellectual end point - the culmination of a series of mental activities that lead to a conclusion or final judgement. As the firing of a rifle involves more than touching of a trigger, to the point of final decision. The present paper reviews various approaches which facilitate decision making. Unfortunately, in most of the developing countries including Pakistan, a few managers take into consideration various aspects of the situation. The concluding paragraph suggests that the management should take decisions in accordance with situations as they arise in an organization.

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### INTRODUCTION

The great question of our times is how to reconcile and integrate human efforts so that people everywhere can work for their common good and common disaster. The answer depends most largely upon the capabilities of leaders in all positions in all segments of the society. The task of leadership literally is to build a kind of world in which we live.

The world has seen born leaders and managers, people with a gift of charismatic leadership. They have successfully led great companies, institutions and nations through turbulent times. These men appear to have an intuitive feel for the management discipline. They

manage people and organizations effectively as they possess a power of good decision making.

#### **DEFINING DECISION MAKING**

In simple words, decision making may be defined as 'choosing one alternative from several others'. As stated in Webster, decision making is: "the act of determining in one's own mind upon an option or course of action". Stated formally, decision making is the selection based on some criteria of one's behaviour alternative from two or more possible alternatives (Terry, 1976). Allen (1964) holds that a management decision is an intellectual end point - - the culmination of a series of mental activities that leads to a conclusion or judgement. Whereas conclusion is terminal point in thinking arrived at from consideration of established premises, and judgement is the verdict arrived at after weighing of evidences. The process may take place consciously or unconsciously, and it may or may not result in action.

Many managers find it difficult to look upon decision making as conscious work, subject to principles and rules. However, an expert manager knows that a sound decision results from systematic application of mental efforts. He recognizes that decision making is a skill which is made up of separate elements and which can be learned as we can learn any other skills.

According to Knootz Weihrich (1988), as disillusionment with the 'great man' and 'trait' approaches to the understanding of leadership decreased, attention turned to the study of situations and they believe that leaders are the product of given situations. A large number of studies have been made on the premise that leadership is strongly affected by the situation from which the leader emerges and in which he or she operates. This

is a persuasive approach indicated by the rise of Hitler in Germany in 1930s. The earlier rise of Mussolini in Italy, the emergence of Franklin Roosevelt in the Great Depression of 1930s in the United States, and the rise of Mao Tse - tung in China in the period after World War II. This approach to leadership recognizes that there exists an interaction between the group and the leader. It supports the idea that people tend to follow those whom they perceive (accurately or inaccurately) as offering them a means of accomplishing their own personal desires. The leader, then, is the person who recognizes these desires and does those things or undertakes those programmes, designed to meet the demands of the people.

We know that a variety of approaches to decision making are used by managers. These range from unscientific and unstructured techniques to sophisticated scientific decision making techniques. But in the developing countries like Pakistan, the importance of the situations within the organizations bear a relationship with the decision making. Therefore, in this article the scientific approach to decision making originally proposed by John Dewey and Path-goal model of decision making have been highlighted.

The remarkable fact is that a few leaders/managers in the world to-day, even those of great undertakings, have had formal, disciplined training in the art of leadership. Most heads of state, governors, company presidents and managing directors, educational leaders are experts in such things like politics, finance, teaching, selling or investing. However, a few are expert in decision making (Allen, 1964).

This is perhaps, the most pressing challenge of our times. We need, as never before, a systematic and orderly

understanding of decision making process in leadership. As there are universals in other sciences, we need to discover the principles of decision making that will enable people in all kinds of endeavors to work more effectively. Because the problem of decision making and leadership repeat endlessly from business enterprise to governmental undertakings, we should not find to repeat our past mistakes.

As decision must be made at a time in the organization when it will be of the greatest value i.e. they should be in time and according to the situation and objectives of the enterprise. Therefore, among the advantages of the scientific method are greater accuracy, predictability, reliability and reproducibility of results. The scientific approach of decision making was first conceived by John Dewey, a noted educator.

#### **DECISION MAKING PROCESS**

Decision making is a process by which one systematically studies a problem, analyses it, and selects the most appropriate alternative to reach a desired end. The heart of the decision making process is the systematic search for alternatives. The decision making process is analogous to a fork on the road. When a traveler comes on the road, he is forced to take one path or the other. He is at the point of decision. If he is to reach his destination, he must analyze alternatives and make a choice.

John Dewey a noted educator, out-lined a series of steps for problem-solving. This procedure has had a profound influence on management of decision making. He believed that most problems could be solved through a rigorous and systematic approach. The steps led from a recognition of the problem, through selecting alternatives, and finally to evaluation of results (Silver, 1981).

According to Harold Knootz (Knootz & Weihrich, 1988), in the decision making process, while selecting among alternatives, managers may use three basic approaches: (i) experience, (ii) experimentation, and (iii) environment.

Reliance on past experience plays a large part in decision making. The experience is the best teacher. The very fact that managers have reached a position appears to justify their past decision making ability. Good decisions must be evaluated against future events, while experience belongs to the past.

An obvious way to decide among alternatives is to try one of them and see what happens. Experimentation is often used in scientific inquiry. People often argue that it should be employed more often in managing and that is the only way a manager can make sure that some plans are right. This technique should be used only after considering other alternatives because such programs involve expenditures. On the other hand, there are many decisions that cannot be made until the best course of action may be ascertained by experiment. For example, a firm may test a new product in certain market before expanding its sale nation-wide.

Successful managers should develop an appreciation for different environmental forces that influence them and in turn, are influenced by their decisions. They should develop a multidimensional outlook, (i.e. organization, group and individual) or decision making. A manager's freedom to make decisions depends largely on the manager's position within the organization and on its structure. In general, higher-level managers have more flexibility and discretion. The

patterns of authority by the formal organization structure also influence the flexibility of the decision maker (Rue & Byars, 1992). Another important factor of decision making style is the purpose and tradition of the organization. For example, a military organization requires a different style of decision making than a volunteer organization. The organization's formal and informal group structure affects decision making style. These groups may range from labour unions to advisory councils.

#### **SCIENTIFIC APPROACH TO DECISION MAKING**

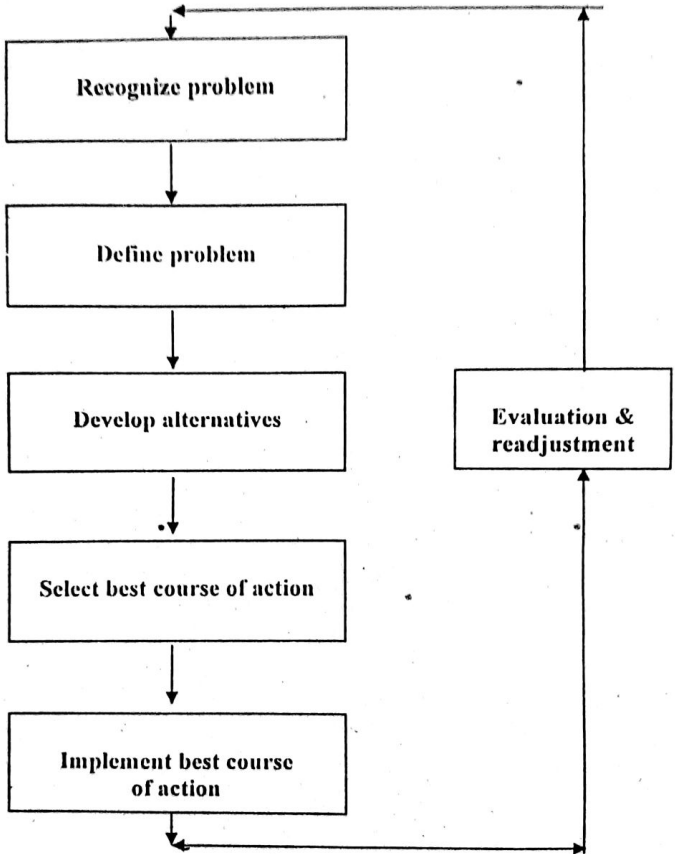
Around the turn of the century John Dewey, an eminent educator, outlined a series of steps for problem solving. This procedure has a profound influence on management of decision making. Dewey's work underlines much of the quantitative decision making now, used by managers (Silver, 1981).

Dewey believed that most problems could be solved through a rigorous, systematic approach, (see figure - 1). The steps led from a recognition of the problem, through selecting alternatives and finally, to evaluation and readjustment of the results. Before considering specific advantages, let us review the fundamentals of Dewey's model as contained in Silver (1981).

### **a) Recognize the Problem**

The first step in the scientific problem-solving technique is to become aware of the problem. Unless a manager is aware that a problem exists, he or she cannot solve it. In the first step, the manager undertakes a careful investigation of facts to determine the exact nature of the problem and its causes. For a manager it implies actively seeking out problems in an organization so that decisions to be made before the problems grow in intensity. To illustrate, suppose a large firm operates several punch presses in the production department. These machines have a useful life of five years and hundreds of thousands of cycles. After a certain number of stamping operations, the machines fail, even with proper maintenance. Should the production manager wait until a machine breaks down and cannot be repaired before it is replaced? Using a scientific approach, the manager determines the approximate remaining life of the machine. The machine is replaced just before it is expected to fail. This eliminates the chance that the failure will occur during a busy period or when replacement of equipment is not readily available.

**FIGURE-1 : Scientific decision making process**



**SOURCE: Gerald A. Silver (1981).**

**b) Define the problem**

In this step, the decision maker defines a problem in specific terms. A statement of the problem is very clearly made.

**c) Develop alternatives**

During this phase of the decision making process, the manager systematically discovers as many alternative courses of action as possible. This may be done by brainstorming, observing others, and reading the manual. For example, a problem has been diagnosed as low productivity in the shop i.e. average monthly output is five hundred units below normal. During this phase, the manager develops alternative solutions to the problem. These may include pay increase in order to stimulate output, replacement of tools and machines, improvements such as the installation of air-conditioning or perhaps framing of a rule limiting visits while on duty.

**d) Select the best course of action**

Here, the manager looks carefully at each alternative and selects the one which promises to solve the problems. The reasoning is: if I do this, then this will be the result; if I do that, then that will be the result. After careful scrutiny, the best alternative is selected for implementation.

#### **e) Implement course of action**

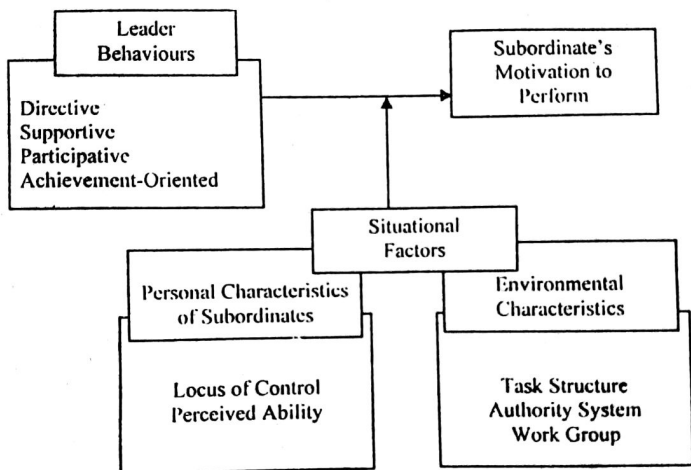
Next, the manager puts into action the chosen alternative. This may require weeks or months of efforts e.g. installation of machines, hiring of people or modification of the plant. The alternative chosen may or may not solve the problem. This leads to the last step.

#### **f) Evaluation and readjustment**

In this step, the decision maker measures the results to see if the alternative selected has in fact solved the problem. If it has not, then other solutions are tried or perhaps a redefinition of the problem is made. A problem is not solved until there has been an objective evaluation. It is this last step which is often overlooked by management. Some managers carefully define problems, analyze, and implement an alternative. But they do not evaluate results. Thus, they have no assurance that the problem is solved.

### **THE PATH-GOAL THEORY OF DECISION MAKING**

Another important approach to decision making is the Path-goal theory, developed in the 1970s by Martin Evans and Robert House. The Path-goal theory focuses the situation and leader's behaviour rather than fixed traits of the leader. The Path-goal theory thus, allows for the possibility of adapting leadership to the situation. Management in action describes how one leader changed his behaviour to accommodate new circumstances (Moorhead & Griffin, 1993).

**FIGURE-2: The Path Goal Theory****SOURCE: Moorhead & Griffin (1993).**

### a) Basic premises

The Path-goal theory has its roots in the expectancy theory of motivation. The expectancy theory says that a person's attitude and behaviour can be predicted from two interrelated factors: the degree to which a person believed that job performance will lead to various outcomes (expectancy), and the value of those outcomes to the individual. The Path-goal theory of leadership argues that subordinates are motivated by the leader to the extent that leader's behaviour influences their expectancies. In other words, the leader affects subordinates' performance by clarifying the behaviours (paths) that will lead to desired rewards (goals). Ideally, getting the rewards depend on effective performance. Path-goal theory also suggests that a leader may behave in different ways in different situations (Moorhead & Griffin, 1993).

### b) Leader and Behaviour

The Path-goal theory identifies four kinds of leader's behaviour: directive, supportive, participative, and achievement-oriented (see figure 2). With directive leadership, the leader lets subordinates know what is expected of them, gives specific guidance as to how to accomplish tasks, schedules work to be done, and maintains definitive standards of performance for subordinates. The supportive leader is friendly and shows concern for subordinates' status, well-being, and needs. With participative leadership, the leader consults with subordinates about issues and takes their suggestions into account before making a decision. The achievement-oriented leader sets challenging goals, expects subordinates to perform at their highest level, and shows strong confidence that subordinates will put forth effort and accomplish the goals.

### c) Situational factors

The Path-goal theory proposes two types of situational factors that influence how a leader's behaviour relates to subordinate's satisfaction: the personal characteristics of the subordinates and the characteristics of the environment (see figure 2). Two important personal characteristics of subordinates are locus of control and perceived ability. Locus of control refers to the extent to which individuals believe that what happens to them results from their own behaviour or from external causes. Research indicates that individuals who attribute outcomes to their own behaviour may be more satisfying with a participative leader, whereas individuals who attribute outcomes to external causes may respond more favourably to a directive leader. Perceived ability as to how people view their ability with respect to the task. Employees who rate their own ability relatively high are less likely to accept directive leadership.

Important environmental characteristics are task structure, formal authority system, and primary work group. The Path-goal theory proposes that leader's behaviour will motivate sub-ordinates if it helps them cope with environmental uncertainty created by those factors. In some cases, however, certain forms of leadership will be reluctant, decreasing subordinate's satisfaction. For example, when task structure is high, directive leadership is less necessary and therefore, less effective; similarly, if the work group gives the individual plenty of social support, a supportive leader will not be specially attractive. Thus, the extent to which leader's behaviour matches the people and environment in the situation is presumed to influence sub-ordinate's motivation to perform (Mitchel, 1973).

## CONCLUSION

It may be concluded from the literature review that a successful manager must be a man of good decision making. He must be a man of action who can make situational decisions for prompt compliance; an architect of the management system; an innovator, and a vigilant seeker of opportunities who is willing to come to grip with situation and solve problems. The advantages of the scientific approach begin with an awareness of the problem and then consider alternatives, finally, evaluate results. Successful managers must have the knowledge of environmental forces so that they could make proper decisions. The Path-goal theory allows the manager's flexibility to adapt to situational decision making. If the managers are not good in decision making and do not overcome the problems according to situations then they cannot prove themselves as successful managers, and may not be able to achieve the goals and objectives of the organizations.

In a developing country like Pakistan, many problems in the organizations are due to the wrong decisions by the managers. Therefore, the training programmes not only for managers but also for the political leaders who are policy makers must be conducted in private and public sectors so that the loss of the nation could be minimized in every sector of life.

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