Module 2.2: Decision Making

Implications: Managers are responsible for making good decisions and for helping others make good decisions.



The Rational Decision-Making Model

- 1. Problem definition
- 2. Identify decision criteria
- 3. Allocate weights to criteria
- 4. Generate alternatives
- 5. Evaluate alternatives
- 6. Select a solution
- 7. Implementation
- 8. Evaluation of results

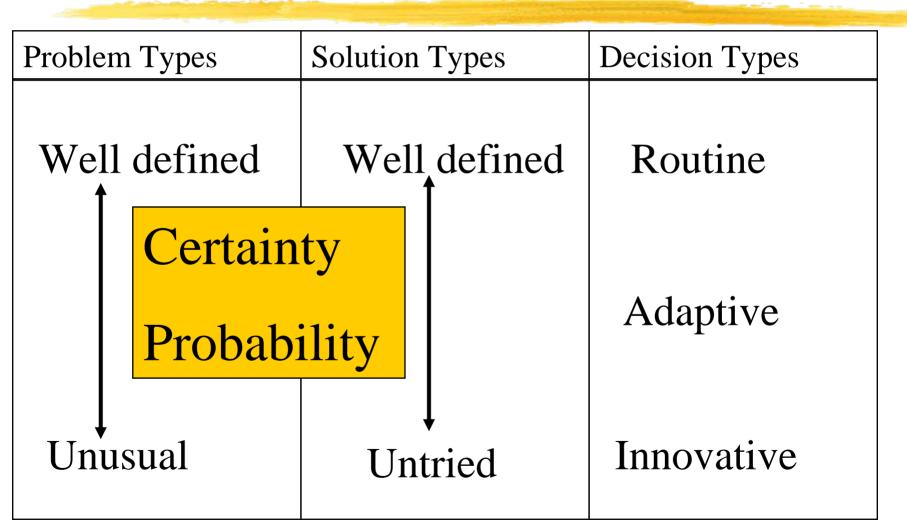


Why isn't it easy?

- Uncertain environment
- Individual biases, limitations, and tendencies
- Group biases and tendencies



Decision Making Situations





Individual Decision-Making Limitations, Biases, or Tendencies

- Bounded rationality
- Perceptual biases and heuristics
- Satisficing
- Escalating commitment



Group Decision-Making Biases, or Tendencies

- Obedience
- Conformity
- Groupthink
- Group Polarization



Improving Decision-Making

• Dealing with uncertainty

- Research (e.g., market survey)
- Simulation scenarios, and forecasting
- Contingency planning
- Dealing with errors by groups and individuals
 - Brainstorming
 - Nominal group technique
 - Groupware



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