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## Decision Making

Making a choice from two or more alternatives.

# The Decision-Making Process

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Identify Problem

2 Develop Decision Criteria

3 Allocate Weights to Criteria

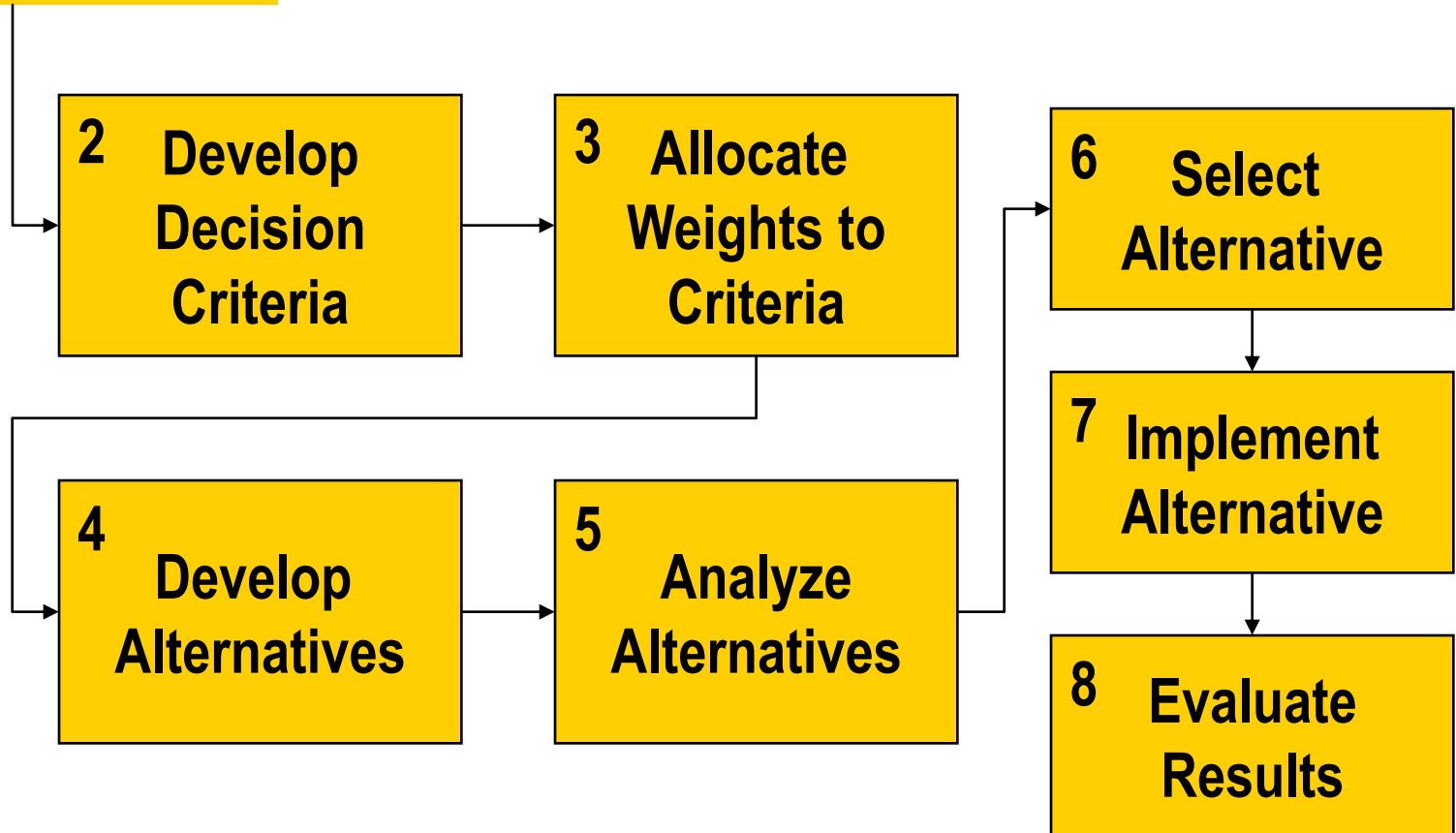
6 Select Alternative

7 Implement Alternative

8 Evaluate Results

4 Develop Alternatives

5 Analyze Alternatives





# Step 1: Identify a Problem

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The difference between what is  
and what it ought to be



# Step 2: Decision Criteria

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- Factors that are relevant in making the decision
  - Price
  - Interior comfort
  - Durability
  - Repair record
  - Performance
  - Handling



# Step 3: Allocating Weights

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Determining the relative  
priority of each of the  
criteria



# Problem: To purchase a new car

Criterion	Weight
Price	10
Interior comfort	8
Durability	5
Repair record	5
Performance	3
Handling	1



# Step 4: Alternatives

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Generate a list of possible vehicle manufacturers



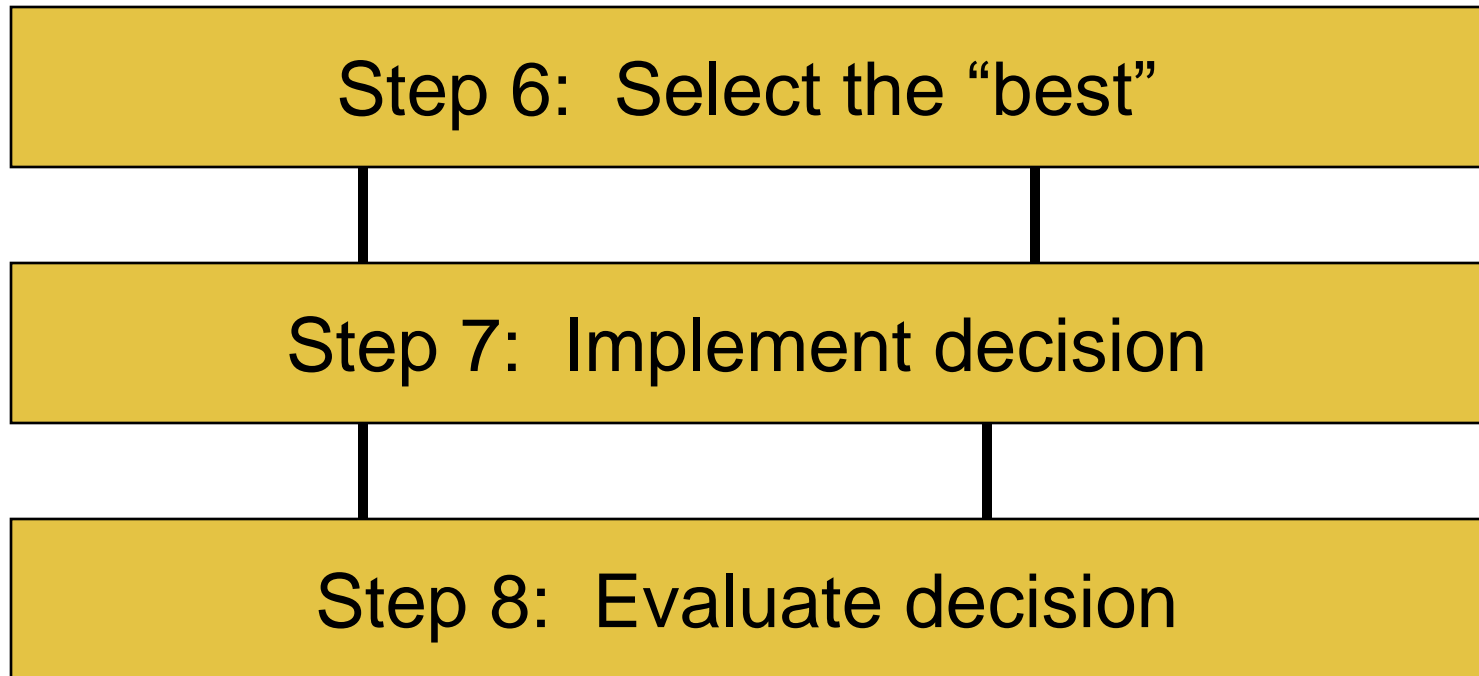
# Step 5: Analyzing Alternatives

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Assessing the value of  
each alternative by  
making a value judgment  
of the feature



# Concluding Steps in Making a Decision



# Assumptions Of Rationality





# Creativity and Decision Making

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- Creativity is the ability to produce useful ideas
- Important to decision making as it allows the decision-maker to “see” problems that others can’t
- It helps identify more viable alternatives



# Unleashing (Allow to run Free) Creative Potential

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- “Thinking out of the box”
- Using the right side of your brain
- Three-component model of creativity
  - Expertise
  - Creative-thinking skills
  - Intrinsic task motivation



# Bounded Rationality

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- Uncertainty
- Risk
- Satisfying
- Focusing on highly visible choices



# Errors in Decision-Making Process

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- Heuristics (الإستدلال)
  - Availability
  - Representative
- Escalation of commitment (التزام)



# Well-Structured vs. Ill-Structured Problems

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- Straightforward
- Familiar
- Easily-defined
- New or unusual
- Ambiguous information
- Incomplete information



# Categories of Decisions

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- Programmed
- Non-programmed





# Programmed Decision

**Procedure**

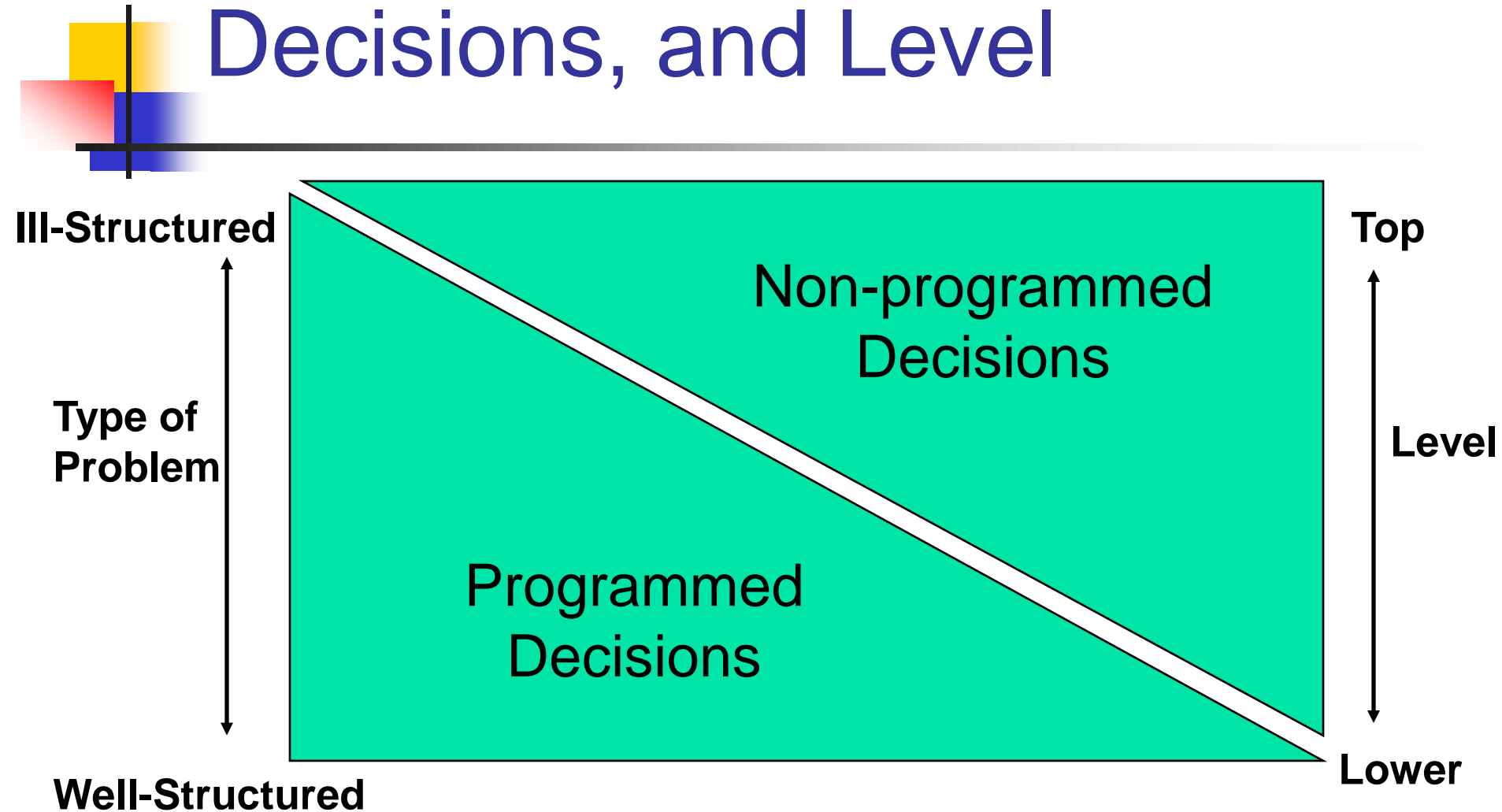


**Rule**



**Policy**

# Relationship of Problems, Decisions, and Level



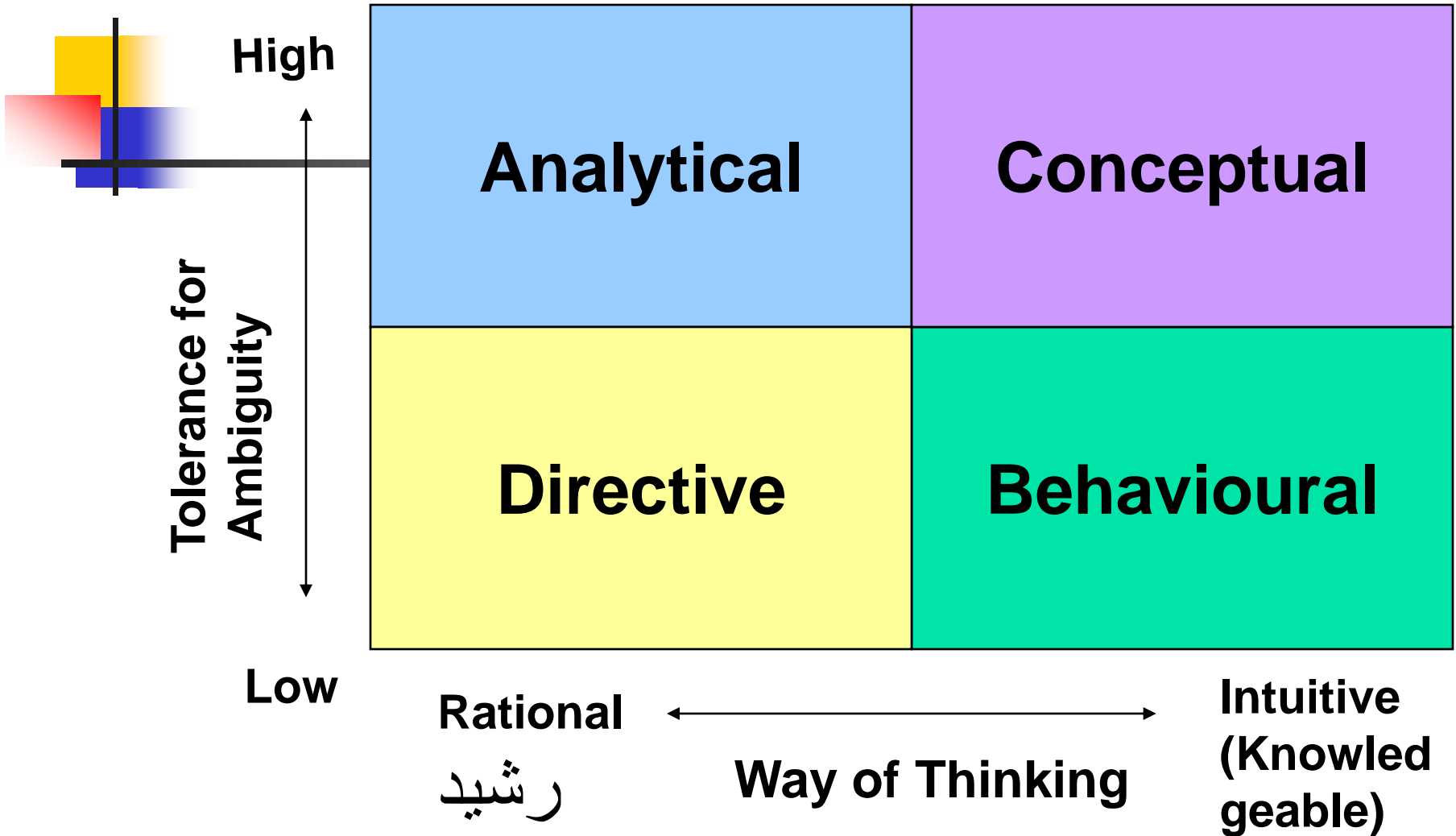


# Decision-making and Technology

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- Information technology can help support decision-making
- Types of software include
  - Expert systems
  - Neural networks
  - Groupware

# Decision-Making Styles



Source: S. P. Robbins, *Supervision Today* (Upper Saddle River, NJ: Prentice Hall, 1995), page 111.

Robbins et al., *Fundamentals of Management*, 4th Canadian Edition  
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# Advantages of Group Decision-Making



- More complete information
- Diversity of experience
- Generation of more alternatives
- Solutions more likely to be accepted by those concerned



# Disadvantages of Group Decision-Making

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- Time-consuming
- Domination by a few
- Pressure to conform



# When are Groups More Effective

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- When accuracy is important
- When creativity is important
- When buy-in is important
- When size of group is 5-7 people