Decision Making

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Going beyond the simple choosing A instead of B, decision making is strongly tied to capacity, access to information and lack of coercion. To make a competent decision, a person must be able to understand the available information, retain it and weigh this information in order to make a choice, especially when it comes to making decisions pertaining to the strategic direction of a company. This is necessary for capacity. Secondly, this choice must be informed. This means that the information mentioned earlier must be objective and reasonably complete. Lastly, the decision must be free of coercion. If one is being swayed or outright forced to make a certain choice that decision is not free. If all the above mentioned elements are satisfied, the person in question can be said to be capable of making an informed, valid decision. After all, decision making is of little significance if the decision is not respected. With that said, there is no requirement for a valid decision to be sensible. An effective decision is the outcome of some hierarchical steps based on objective thinking, application of methods such as system thinking, and consideration of relevant ethical standards and impacts.

There is a wide variety of decision-making models available, each promoting a number of different steps. A standard decision-making process consists of seven steps, which is also referred to as a problem-solving method. In the former stage, the need for making a decision is assessed or defined and based on the given scenario the pertinent information is gathered. The information can also be the factors that are causing some issues. Based on the information gathered, the problem of scenario is analyzed followed by the development of alternative solutions. After that, amid the various options presented, the job of a decision-maker is to select the best alternative that is an as arduous task (Elwyn et al., 2012). This step also involves risk assessment of the solutions available and the final decision also holds the influence of resources available on hand. The next step is to put the decision in action and the manager has to ensure effective execution of decisions. A follow up is always imperative to ensure the attainment of goals, which can be exercised by monitoring and control. Feedback also assists to acquaint the decision-maker about the efficacy of decision being employed.

System thinking is a universal approach that involves looking at the world in a way as a hierarchy of systems interconnected to each other. This approach is based on the system theory and this approach resulted in the emergence of a new system of decision making and problem-solving (Daellenbach, McNickle, & Dye, 2012). This system aims to attain three objectives, understanding the dynamics of a system, synthesis and developing solutions regarded as decision making. It differs from traditional thinking in many ways such as the process of synthesis involves looking at the whole system along with its elements. Analyzing the system is a technique helps developing an understanding of the components, their behaviors and activities. The analysis also helps in understanding problem that is similar to that of traditional thinking. However, what makes a difference is that it also considers the impact of the decision on all the components of system. The two elements of decision making support decision making, the third element of decision making. System thinking is a new technique that results in a better understanding of a problem eventually resulting in making better-informed decisions.

Bias is something else - an irrational prejudice against a person or persons, and/or an unreasonable preference for a thing or course of action that is not justified by the available facts. When it comes to decision making, bias will always be there — both physically and philosophically in order to evaluate/measure something, one has to distort it, if only a bit, it can be reduced dramatically. Bias is inherent in every thought and the critical part is bias analysis to ensure the bias isn’t morphing one’s experiences and expectations towards an untenable outcome which would basically null and void the decision. To name some of the common decision-making, these comprise selection bias, availability bias, confirmation bias, and other cognitive biases. All these biases impact the decision making whether personal or professional and they often reflect the human limitation towards making perfect choices. Herbert A. Simon summed up this in a concept, bounded rationality that reflects the human limitation in making choices eventually influencing the quality of the decision made (Dequech, 2001). Furthermore, the impact of bounded rationality on the parties involved has also been noticed.

Emotion is important as a factor to assess relative to how much of an impact the situation having on the decision-maker. Whether it be the problem one is dealing with specific or the individuals or situation that's creating the decision-making process, emotion is an undeniable auto-engaged human characteristic (Andrade & Ariely, 2009). However, in general, depending on the situation, emotion is not a dynamic from which to make or engage, in solving the problem. Emotional responses only deal with solving what’s happening right now. Emotional responses typically do not address or answer the longer-term aspects of the situation. For instance, sadness motivates one to change, anger and happiness decrease risk sensitivity and fear makes one risk-averse. In many cases, an emotional response to a serious problem will only make the problem worse. The simple reality is that emotion and emotional responses are specific to the person feeling them.

In addition, emotional reactions are arbitrary and not always shared by those around the decision-maker. This means that whenever one is feeling negative emotions, their ability to problem-solve and notice opportunities, their decision-making, their judgment, their ability to process information, their ability to communicate effectively, your ability to assess risk and so much more - are all compromised. Owing to this emotions must be controlled by assessing their sources, enhancing accountability and institutionalizing control on emotions. It is also pivotal for ethical decision making. Ethics and morality can neither be downplayed nor be ignored while making decisions. Ethics implies that all differences should be respected, that all people should be respected. Where there isn’t much respect there isn't ethics. Managers working in all the fields are faced with ethical issues every day, and they must always be mindful of how their decisions and actions measure up to the ethical standards they're expected to follow. When one makes a decision, one must consider the long-term consequences against the short-term benefits of that decision (O’Fallon & Butterfield, 2005). One must also consider the wider degree of the effect a decision has, against the immediate degree of benefit from that decision.

In conclusion, being a senior manager, I can say that managerial life is all about making decisions that impact the performance of an organization. Every decision-making process has to go through different steps to reach an optimal solution. It is a common understanding that decisions have an influence on many factors such as biases, bounded rationality, emotions and motivations and heuristic errors. Thus, these impacts can be eradicated by employing the techniques of systematic thinking, incorporating ethics and controlling emotions while making decisions. Rational thinking combined with strategic planning is pivotal in making effective managerial decisions.

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