Decision Making

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The process of making choices, gathering information and analyzing the alternatives, and reaching an outcome is termed as the decision making process. Being a process, decision making involves various steps that allow the decision-maker to make more thoughtful and deliberate decisions. Decisions range from simple to complex decision, each involves certain processes to be followed and certain considerations to be made such as avoiding biases. Organizational decision making and negotiation are multifaceted and it is a non-linear method since it considers the element of bounded rationality. Decision-making process involves hierarchical steps needed to reach a thoughtful conclusion that can be enhanced by the way of system thinking alongside eradicating the biases in judgment that likewise influences a decision.

Decision making can be declared as the outcome of a mental exercise wherein one course of action is selected from several alternatives. The end of each process is a final choice made by the decision-maker. Generally, the decision-making process is regarded as a problem-solving process consists of seven steps. The first step in the process is always about identifying the need for decision making. The next step is to gather all the pertinent information considering the best sources of information available. After gathering relevant information, alternatives are evaluated and prioritized by assigning weights to each alternative. The best alternative is selected based on the weighs assigned or a combination of two or more alternatives is selected. After the implementation of the selected alternative, the outcomes are evaluated. The decision can be revised if the outcome does not satisfy the need. This process is generally supported by many authors and some have decomposed it into the variants of four, five and eight steps as well. Saaty (2008) formerly established the idea that in order to make organized decisions, the same hierarchical process has to be followed. This process is termed as Analytic Hierarchy Process (AHP) of decision making and it has been used in practice in many settings (Saaty, 2008).

A relatively new approach to decision making is system thinking that is grounded on system theory (Daellenbach, McNickle, & Dye, 2012). It is a way to view systems from a far-reaching perspective that not relies merely on the specific events in a system. Thinking systematically ensures that a strategic goal/s is attained and a complex problem is solved. An example would be solving a tragedy of the commons problem. Complex problems include a number of participants with a huge number of inter/dependencies in often non-homogenous context. It is not easy to solve such as challenge using a linear ("brute force") way of trial/error while making an effort to deal with one issue at a time, which brings some small efficiency. It is like approaching a challenge armed with Big data (i.e. systematically) vs. simple plain data (non-systematically). In business, systems thinking drives sustainability, social responsibility, efficiency, and continuous improvement. I would say it's rather common among good software developers because of all the interdependencies and interconnectivity of software systems. An entrepreneur with an ability to code software is more likely to apply systems thinking in business.

Systems thinking had been around for very long in several forms. In dealing with any nonlinear processes, the techniques of systems thinkers should be a good framework. That is especially true when dealing with systems where one can observe casual relationships, but might not be able to parse reaction or resilience of the system; in such a case simulation can sort out a lot without deep mathematic knowledge (Maani & Maharaj, 2004). An example to consider for the application of system thinking is that the systems approach helped Schumacher understand and elucidate that burning fossil fuels is not really a matter of economic growth, but rather simply using up non-renewable natural resources.

Decision making ca never be free of any biases and heuristic errors and the common biases in decision-making are confirmation bias, selection bias, availability bias and other cognitive biases (Blumenthal-Barby, 2016). Heuristics are employed for the sake of problem-solving, that can be regarded as a short-cut used by the human brain that does not want to come up with a new solution in case of every new issue. While Cognitive Biases can be denoted as the logical fallacies which are an outcome of heuristics. They are also considered as alarming because they systematize erroneous decisions. One example of confirmation bias happened in the course of the presidential election of 2016 in the United States. In availability, bias decision is taken based on accessible information. Biases are also the result of the human limitation in making precise decisions, denoted by an Economist Simon as bounded rationality (Lunenburg, 2010). It is therefore essential that human decision making must be grounded on systematic methodologies. Bounded rationality stresses the decision-making process that is affected by the cognitive and political realities. Bounded rationality not only impacts the quality of an outcome in decision making but in case of negotiations it can result in the parties losing interests (Lunenburg, 2010). It also impacts communication and can lead to conflicts.

To sum up the discussion, decision making is imperative for any organizations and every strategy and action is based on a systematic decision-making process. The optimal outcome is limited by the factors of bounded rationality, biases and heuristic errors. Hence, systematic thinking must be adopted to eliminate organizational problems. The principle of rational thinking and strategical planning employed along with the implementation of models and theories can result in effective decisions. In addition, appropriate detection of the issue paves means for the correct solution for that issue in an enterprise.

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