

Welcome students, this is an initiative taken by the Directorate of Higher Education, Government of Goa for developing E-content. Learning in the subject of Commerce.

I Marjina Shaikh, Assistant Professor in Commerce from VVM's Shree Damodar College of Commerce & Economics, Margao Goa will take up unit 2, decision-making, subtopic - Effective decision-making.

In this module you are going to learn about:

**Introduction to effective decision making.**

**Guidelines for effective Decision making and  
Difficulties faced in effective decision-making.**

### **Learning outcome**

At the end of this module:

The student will be able to practice the guidelines for taking effective decisions, Summarize the difficulties faced in making effective decisions.

### **Introduction to effective Decision-making.**

In an organization on a daily basis, A number of decisions are taken, ranging from important Strategic decisions to basic routine decisions. Decision in Business is an act of choice wherein the decision maker has To select the best alternative, which helps in the attainment of the business objectives.

Decision has universal applicability, which means The scope of decision making is not only limited to a decision Maker or an organization, but a common man as well, for example, A 12th standard student after answering his exams has to take A decision about his career.

Decision adopts situational theory, which means no one best decision is best for all the situations the decision maker Has to decide upon a particular option or the alternatives as Per the problem that prevails in The organization.

Effective Decisions are the outcome of Systematic planning and A Systematic process. Effective Decisions are goal oriented and action based effective Decisions are realistic.

### **Guidelines for making effective decisions.**

**Defines and decides the goals to be Achieved.** Any decision maker before deciding upon any alternative has to decide the goals that he wants to Achieve 1st and based on the goals decided accordingly, a Choice has to be made to the best possible option which Will contribute in attainment of those goals.

**Interpret and identify the problem.** A decision maker has to identify the problem in depth. It is rightly said

The problem identified correctly is half solved.

**Identification of a wide range of alternative courses** identifying the alternative courses of action is one of the most challenging tasks that a decision maker has to perform. Once the alternatives are identified, it becomes easier for the decision maker to decide upon a particular option.

**Careful evaluation of each alternative** once the various options are identified, the decision maker then has to evaluate each of these options in terms of cost and risk involved. Also, he has to analyze the positive and negative consequences of each of the options and. Accordingly, one best option has to be selected.

**Search for new information.** A Decision maker has to search for further and relevant information in order to evaluate and re evaluate the alternatives. As it is rightly said, the quality of the decision depends upon the quality of the information used in decision-making.

**A decision must be implemented at the right time.** Right time means or decision has to be taken at the proper time. Any delay in taking a decision will result in loss of business opportunities as the external business environment is turbulent and uncertain in Nature a decision maker has to set a deadline within which he has to come up with the final decision.

**Involving subordinates in the decision-making process** involving subordinates, in the decision making process will not only gain their confidence, but the decision maker will also have cooperation from the subordinates in the execution of those decisions, and also the feeling that the decision is being imposed and the employees will be removed.

**Creativity and rationality.** Creative and innovative decisions help the organization to have a competitive edge over its competitors. Rational Decisions are scientific decisions and they give guaranteed results. Hence, a decision maker should try to involve creativity and rationality while taking decisions.

**Evaluate results and get feedback** once the decision has been taken, the decision maker has to implement the same and evaluate the results of the same and identify the deviations, if any. If the decisions are ineffective, then the decision Maker has to introduce remedial Measures.

**Flexible approach.** It is always advisable to follow a flexible approach in Taking decisions as well as while executing it, in case If any decision is ineffective. Corrective measures can be taken.

**Difficulties in effective decision-making.**

A decision maker has to face many hurdles while taking any decisions. Some of the hurdles are discussed further.

**Incomplete and inadequate information.** The first and the major difficulty that a decision maker Faces is that incorrect and unreliable information. If the Information provided to the decision maker is incorrect, incomplete, or fragmented. The decision taken based on such Information will be ineffective or maybe miss directed. If their decision maker has no clarity of goals and Objectives of the organization, the decision May go in the wrong direction.

**Non supporting and adverse Environment.** The environment that prevails in an organization not only affects the nature of their decision, but it also Affects their implementation. sound decision-making is not possible in an adverse environment. The external environment is uncertain and turbulent, and As a result it creates problems for the decision maker to take the right decisions.

**Limited time and resources.** Many times the resources available at the disposal of the Decision maker are limited, so even if the best option is Selected, the implementation may not be possible because of non Availability of the resources. Limited time. Also means that the decision maker has to take the decision within a certain time limit and as a result the Decision will be hasty and may not prove to be effective. The decision maker also may not get much time to think of Noble Ideas and solutions.

**Ineffective communication.** Is One of the major difficulties that a decision Maker faces, so it is always advisable. Once a decision is Taken, the decision has to be communicated properly and Correctly to the concerned subordinates.

**Incorrect timing:** the decisions are to be taken at appropriate Timing. Any delay in decision proves to be costly to the Organization as the business will lose business opportunities In the external environment. A decision that is taken at the Wrong time will be ineffective. For example, if a company spends Time and effort in creating a Rain wear, and launches the product after monsoons. This decision will be ineffective.

**Non acceptance by subordinates.** Another major difficulty that a Decision maker faces is non acceptance of the decision by The subordinates. It is always advisable that the manager should follow a Democratic approach and Should involve subordinates in their decision-making Process, as it will ensure cooperation from the Subordinates in the execution of their decision.

**Failure to gauge the impact of external factors.** Economic, political and technological environments are the major components of the external business Environment. So a decision maker should always consider The impact of these factors while taking the decisions.

**Lack of experience.** Ability of the decision maker plays a major role in the Decisions taken. If their decision maker fails to acquire The required skills for taking effective decisions that the Decisions may not be effective; the decisions will be based on Trial and error method.

Here are some references for further study.

Thank you for your patient listening!!!