

Chapter Review

19

Decision-making in Organisations

Objectives...

- 1 examine how decisions may be made within organizations
- 2 list the main types of decision made within organizations
- 3 name three decision making tools

Key Terms

Classical decision theory	a theory which assumes that decision-makers are objective, have complete information and consider all possible alternatives and their consequences before selecting the optimal solution.
decision	commitment of resources
Decision making	the process of making choices from among several options

12. Decision making is a very important aspect of management. There are many types of decision and many ways of making decisions. The scientific school makes use of the rational decision making process, supported by a range of technologies to improve the quality and speed of decision making. However, such an approach has limitations as the decision may be constrained through a lack of time, information or the abilities of decision makers. Furthermore, decisions may be coloured by decision maker values and politics. Whilst scientific management has more to offer when making structured and repetitive decisions, managerial judgement is more preferable for strategic decisions made in the face of considerable uncertainty. Consequently we may view decision making as much about management as an art as well as a science.