

## 4. Decision Making

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**Do you know?** : From the morning individual faces various problems.

In home management decision making is a very important part of our day to day life. Every day a person faces various situations/problems. To solve these problems a person has to take various decisions. Some of the problems are simple and short term they can be solved easily. Some decisions are long term which turns the life. For example, marriage, career, buying a house etc. All these decisions are important and can have a great effect on a person's life. Management process revolves around decision making.

### 4.1 Meaning and definition :

Decision making is the crux of management. Whether it is management of a business, an institute, an event or that of a house, decision making is must. The decisions are always taken keeping in mind the goal to be achieved and the resources available to a person or a family. Decision making is a mental process which requires knowledge of certain information and imagination to see whether the information will be useful or applicable to solve that particular problem.

#### Definition :

Nickell and Dorsey stated that :

**“Decision making is the process of selecting one course of action from a number of possible alternatives in solving a problem or in meeting a situation.”**

Limaye defines decision making as :

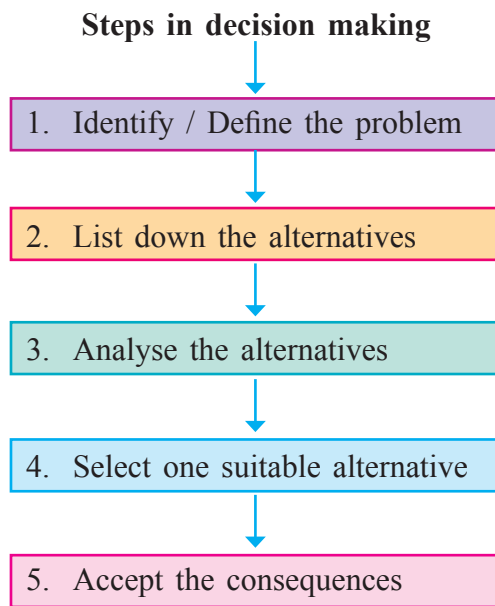
**“For solving a problem or for achieving a goal different alternative ways and actions are considered. Decision making is to select one out of those alternatives and actions or to choose none of them.”**

Whether decisions are less important or more important, they have a definite role to play in a person's life. Decisions are based on the values held by a person. They help the person to achieve the goals and in the process they set their standards in life too. Thus, the quality of life depends upon the types of decisions a person takes and how correct they turn out to be.

### 4.2 Steps in decision making :

#### Let's discuss :

Process of decision making involves certain steps. Decision making is required in running organisations, institutes, clubs, businesses, states, countries etc. People on high designations in all such organisations need to be superior decision maker otherwise things may not work smoothly. There are certain specific activities involved in decision making. These are called as the steps in decision making which are as follows :



**Fig. 4.2 (a) : Steps in Decision Making Process**

**1) Identify/ define the problem :** Decision making process begins with identification of a problem. When a person realises that there is a problem he/she starts thinking about it, in order to find suitable solutions. Thus the process of decision making begins with a problem. It is necessary to identify the problems clearly and to understand them perfectly. Unless there is clarity about the problem, effective decision making can not take place.

The home maker, being the manager of the home, needs to discuss with the family members and analyze the problem with all its relevant information so that it is accurately understood. It is necessary to think about the root cause of the problem i.e to realise why the problem has arisen and what management components are involved. If the solution is chosen in a hurry without giving much thought, afterwards homemaker may realise that choice regarding the solution was incorrect. This may lead to frustration and loss of important human and non human resources like time, money, energy and other material goods.

To avoid this, it is necessary to identify the problem clearly and to analyse it with all its relevant information. The relevant information includes identifying the restrictions and opportunities imposed by the situation. For example, the common problem faced by a student may be that of selection of a course of study after passing the SSC exam. This step is very important as it lays the foundation of one's decision.

**2) List down the alternatives :** It means to find out various alternatives. Once the problem is identified, a person begins to find possible solutions or alternatives. Effective decision making can take place only if a person can identify all the possible alternatives. This would enable a person to select the best alternative. One cannot make a wise decision unless all possible alternatives are found out. Although it is important to find all alternatives, there should not be any confusion due to a variety of choices.

For the previous example, if a student has to find out how many colleges or courses are there in his/her area, what is the percentage required by each college or courses for admission and prepare a list of such colleges/courses. After listing out such colleges, student has to find out other details like which subject combinations are offered by these colleges, what is the fee structure, what are the timings, how to travel to the college and time required for it and so on.

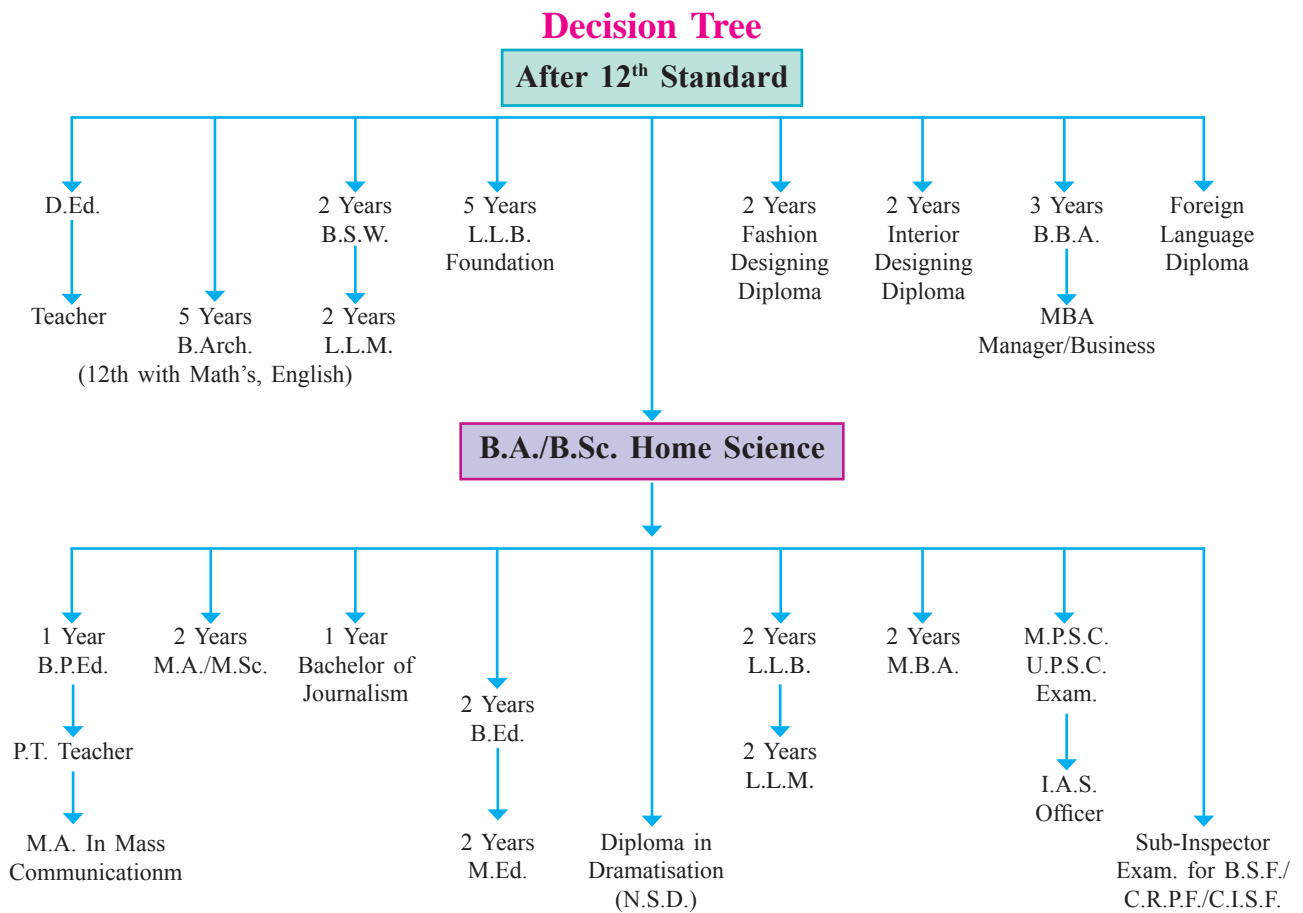
**3) Analyse the alternatives :** In simple words, it means comparing the various alternatives found out in earlier step. Analysis is carried out after collecting all details about all the alternatives. A person starts thinking about each one of them to find out its merits and demerits. The success of decision making depends on how carefully this step is carried out. This step helps the person to select the most suitable alternative from the list. In the above example, once the student has

collected all details about the colleges and courses, he/ she can discuss them with friends or family members and compare them with each other.

- 4) **Select one suitable alternative :** This is the most crucial step, as this is where a person actually makes a decision and the decision can be correct only if a person has chosen correct alternative. The selection of an alternative should not be done under any kind of pressure. It should be the most suitable and satisfactory one amongst all the alternatives. Like in the above example, after considering merits and demerits of all colleges and courses, the student may finally decide one college or course which he/she feels appropriate.
- 5) **Accept the consequences :** This is an important step in decision making process

which is often ignored by many people. Once a decision is made and action is taken according to it, the person making the decision should be able to accept the responsibility of its outcome, whether it is positive or negative. The biggest advantage is that the success of decision helps to develop self-confidence for making effective decisions in future and the failure helps an individual to develop more evaluating factors or system for future.

In the above example, as stated in the previous step the choice regarding course of study or college has been indicated i.e. decision has been taken. Student joins the college as per his/ her decision. After joining the course, even if the student finds that the course is tough, student has to accept the fact and has to continue studying and putting in more efforts to be successful.



**Fig.4.2 (b) Application of decision making for various career options after 12<sup>th</sup> standard.**

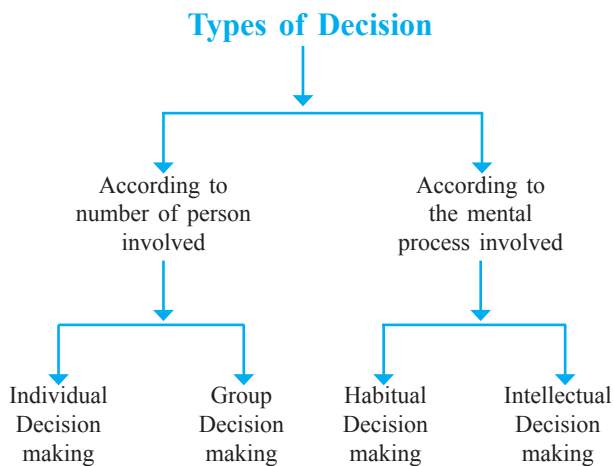
**Use your brain :**

Prepare chart of decision making process by giving another example.

**4.3 Types of decisions :**

Decisions are classified into two major categories :

- 1. Individual and Group Decisions.
- 2. Habitual and Intellectual Decisions.



**Fig. 4.3 Types of Decision**

**1) Individual and Group Decisions :**

According to the number of persons involved decisions are classified as :

**a) Individual decisions :** When a person takes a decision for himself / herself and faces the consequences of it alone, it is said to be an individual decision. The result of this decision mostly affects the person who has taken the decision. The responsibility of the decision lies totally on the individual. It is taken quickly because he /she may not believe in discussing it with others. The quality of decision depends upon the intelligence and experience of the person for example, to choose a college or institution, whether to choose car pull or personal transport etc.

**b) Group decisions :** This decision is taken by number of members from a group. Making group decision is a slow and difficult process as compared to individual decision making. This type of decision requires a lot of discussion among the members and consideration of views of group members and so it takes too much time.

Group decision making has certain advantages. More alternatives are found out through collective minds. At the same time it becomes easier to rule out unproductive alternatives through the experiences of many people. Responsibility of the decision is not on any one person but on all the members of the group. Many times conflicts or differences of opinion arise and it becomes difficult to take unanimous decision. Some examples of group decisions are; celebrating some festival, planning a trip for the entire family, college students going for a picnic etc.

**Think and write :**

Difference between individual decision and group decision :

**2) Habitual and Intellectual Decisions :**

According to the mental process involved in decision making, the decisions are classified as :

**Why is it so?**

- 1. Why do you automatically follow the signal rules?
- 2. Why you brush your teeth every day in the morning?

**a) Habitual decisions :** In our daily life, we have to take lot of decisions for different matters but it is not necessary

to take all these decisions after elaborate thinking. Some decisions take time for implementation and need the complete process to be followed thoroughly. But habitual decisions are basically related to routine, repetitive actions and the choice is almost automatic and spontaneous. For example, getting up at a specific time everyday and catching a particular bus or train to reach the destination.

#### b) Intellectual decisions :

##### Let's search :

Which factors affects the intellectual decision making?

The type of decisions which can have a deep and long lasting effect on our life and that of our families too need to be taken thoughtfully. Such decisions are called as intellectual decisions. The individual uses his intelligence, knowledge, reasoning, analytical ability etc. for taking decisions. The choice is made consciously and takes time for conclusion. These are important decisions taken by an individual or a family. For example, where to buy a house, which career to choose, the selection of right life partner are some such decisions where if a person goes wrong, it may have long lasting impact.

##### Let us find out :

1. What are the importance of decision making in day to day life?
2. Find out the vital role of decision making in our life.

#### 4.4 Importance of decision making :

Decision making is very important in home management. It is required at each and every stage in the management process.

The importance of decision making can be stated as follows :

- **Decision making plays a vital role in the life of a person :** Decision making influences the quality of life. Decision making is based on values. It is directed towards achievement of goals and it sets standards in our life e.g. if a student makes a decision of securing first class in the exams, it is because education is an important value for life. Taking admission in higher course for achievement of educational goal and the way student studies and manages the daily routine, reflects the standards set for himself/herself.
- **Decision making is important in management :** In management, various decisions are taken in the process of setting up the goals to be achieved. Once the goals are set, decisions help in proper allocation of resources for their achievement.
- **Decision helps an individual to use the limited resources effectively :** The resources, both human and non-human are limited in nature and the needs of a family are unlimited. Thus, it becomes necessary to use the management process to fulfil such unlimited needs. Lot of decisions are required to give utmost satisfaction to the family members.
- **Decision making is the 'crux' of management :** Decision making is the heart of management, it is inseparable from management. Decisions are required at each step of management process i.e. in planning, in controlling and in evaluation as well. The process of management involves series of decisions at each step.

- **Decision making determines the effectiveness of management :** Decision making is a complex process having lot of influence on the management process. While taking decisions in management, the person uses thinking and reasoning ability, memory skills, knowledge etc. Decision making is a mental process that involves selecting the most appropriate alternative or choosing the best course of action from among the available alternatives. This it self determines the effectiveness of management.
- **Decisions affect the present as well as the future life :** Number of decisions are taken in various stages of family life cycle and such decisions affect the present and the future life of an individual as well as that of the other family members. For example, choosing a correct life partner or buying a house etc. Many such decisions cannot be changed easily once taken and thus need

to be taken carefully. But some simple decisions like the purchase of appliances can be changed.

- **Decisions help in solving problems :** Decision making takes place when there is some problem to solve or same choice to make. Therefore, decision making is of paramount importance as a mental process in solving problems of acquiring, allocating and using the family resources to solve the problems of the family and to achieves the family goals.
- **Decision making helps in adjusting to the changed situation :** A correct decision makes our life easier and more fruitful. In certain situations in our life, number of decisions is taken unconsciously or with just little thought. But if there is a change in the situation, the person is forced to move out of his/her comfort zone to change his/her habits. Therefore, decision making becomes a helpful tool to adjust or understand such situations.

### Can You Recall?

- Decision making is a mental process and is needed in every step of management.
- It is the crux of management.
- A new decision is taken on the basis of previous decisions and thus a chain of decisions is created.
- The process of decision making consists of five consecutive steps- identify/ define the problem, list down the alternatives, analyse the alternatives, select one suitable alternative and accept the consequences.
- Decisions may be classified as-habitual and intellectual decisions and also as individual and group decisions.
- A home maker should be able to make wise and correct decisions for smooth management of the home.

### Exercise

#### Objective questions :

##### 1) Multiple choice questions.

1. Identifying the problem is the \_\_\_\_\_ step of decision making process.  
a) first      b) second      c) last
2. Individual decisions are taken more quickly than \_\_\_\_\_ decisions.  
a) Group  
b) Intellectual  
c) Habitual

3. Elaborate thinking is not required in \_\_\_\_\_ type of decision making.
  - a) Individual
  - b) Group
  - c) Habitual
4. The decisions related to the routine, repetitive actions are called \_\_\_\_\_ decisions.
  - a) Intellectual
  - b) Habitual
  - c) Group

**2) Identify whether the following statements are true or false.**

1. Decision making helps to cope-up with changes in our life.
2. Decision making does not help to think and bring fresh idea.
3. In individual decision making, conflict or differences of opinion arises.
4. Decision making helps a home maker to create better homes.

**3) Match the following.**

A	B
i) Identify the problem	a) Knowledge, intelligence, reasoning ability.
ii) Accept consequences	b) Revolve around personal values, goal and standard.
iii) Intellectual decisions.	c) First step in decision making.
iv) Habitual decisions.	d) Last step in decision making

**• Short Answer Questions :**

**1. Define the following terms.**

- a. Decision making

- b. Individual decision making
- c. Habitual decision making

**2. Differentiate between the following.**

- a. Individual and group decisions.
- b. Intellectual and habitual decisions

**3. Write short notes on the following.**

- a. Importance of decision making
- b. Type of decisions.

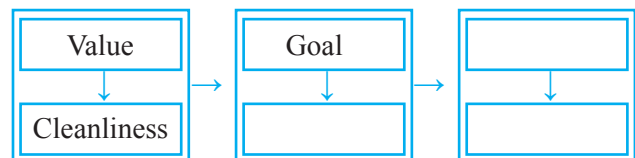
**4. Give reasons for the following.**

- a. Decision making is called as the crux of management.
- b. Group decision making is a slow process in comparison to individual decision making.
- c. Conflict arises in group decision making.

**• Long Answer questions :**

- a. Explain decision making process in detail.
- b. Illustrate the various types of decisions.

**• Complete the flow chart.**



**Projects/Assignments :**

- 1) List out the individual and group decisions observed in your own student life.
- 2) Observe the habitual decisions which are usually taken by an individual frequently.
- 3) List out the decisions taken by your family for any function and classify them into various types.

