THE FOUR DECISION-MAKING MODELS

1. The Rational Decision model of decision-making

   - The assumption is made that participants have agreed in advance that making a decision is the right process to follow and that the rules and language of decision making are understood by all.

   - The rational model aims at making optimal decisions on the basis of careful evaluation of alternative courses of action.

   - One major assumption is that the rational approach provides ‘one best way’ to reach decisions.

   - However the advocates of the rational approach pay little heed to the organisational context of decision making.

   - Treat such techniques as one input into a process, which is influenced by the preferences and interests of key organisational participants.

The Rational model assumes:

   - The outcome will be completely rational

   - The decision maker has a consistent set of preferences

   - The decision maker is aware of all the possible alternatives

   - The decision maker can calculate the probability of success for each alternative

   - The decision maker strives to optimise – to select the best possible alternative

   - The Rational model is unrealistic: due to time constraints, limits to human knowledge and information-processing capabilities, managers preferences and needs change often

2. The Bureaucratic or Administrative model of decision making

   - This model is based on the actual behaviour of decision makers.

   - There are cognitive or mental limits to human rationality. These limits on the individual means that decision making is governed by bounded rationality.

   - Sub-optimal efforts to make decisions in everyday life result from the influence of non-rational, emotional and unconscious elements in human thinking and behaviour. For example, poor work habits, limited skills, pressure of time. Group pressure also limits optimal behaviour central to rational decision making.
The Bureaucratic model assumes:

- Managers select the first alternative that is satisfactory
- Managers recognise that their conception of the world is simple
- Managers are comfortable making decisions without determining the alternatives
- Managers make decisions by rules of thumb or heuristics *(making decisions on what worked in the past)*
- Satisfice – because the costs of determining the best choice in terms of time and effort are too great. Managers develop short cuts (heuristics) to make decisions in order to save mental activity.

3. The Garbage-can model (Organized anarchy) of decision making

- The first two approaches assume a clear linkage between goals, people and solutions.
- Cohen, March and Olsen (1972) argue this cannot always be assumed and organisations display characteristics of what they call *organised anarchy* - characteristics of problematic goals, unclear technology in making decisions – all sorts of approaches, and fluid participation by many people in the organisation.
- It is not clear when an issue arises whether it is a problem, or a solution to a problem. Through a process of jumbled decision making, problems and solutions become linked together so that a problem in one area becomes a solution in another *(e.g. university administration moving to a new location...what to do about the vacated premises? As they were moving to establish a new faculty of technology the new school could be located in the vacant building. While this decision seems superficially sensible, in the absence of clear choice (will it add to our profit) it was neither optimising (as in the rational model), or satisficing (as in the bureaucratic model). It was a reaction to circumstances by those who happened at the time to be on key committees (fluid membership). No one asked critical questions, such as whether or not the new School was really required, whether the old premises were the best location for the proposed school, or what the effect would be on the budget)*.
- According to the garbage can theory of decision making, the factors that influence decision making in organisations are the range of issues + solutions + problems that happen to be in the garbage can at a particular time and the total demands on the decision makers at that time.
- A difficulty with the garbage can model is its failure to account for the political activity of participants who encourage conditions of *organised anarchy*, or who exploit them for particular advantage.
• Decision making often has to be forced on individuals who actively seek to avoid handling a problem for fear of being held accountable should things subsequently go wrong.

4. The *Political model* of decision making

• In the rational model there will not always be agreement between organisation participants over organisational goals and how they are to be achieved.

• Here the role of conflict and conflict resolution in the decision-making process is described as the *political model* of decision making.

• It is pluralistic in nature, recognising the role of various stakeholders in affecting and shaping matters of significance in the organisation.

• Decision making is thus about reconciling the interests of different stakeholders.