

**DECISION MAKING IMPORTANCE IN THE KNOWLEDGE MANAGEMENT
ENVIORNEMNT**

¹Sirtaj Kaur, ²Dr. Mini,

¹²Research Scholar, Jayoti Vidhayapeeth Women's University, Jaipur

Abstract: Decision-making is believed to be an art rather than a science. One has to weigh so many aspects that one has to use judgement in decision-making. The fundamental decisions at the planning stage is very difficult to conceive and later implement. Human managers are required in managerial environment because decision-making is not an objective but a highly subjective art. However, it is possible to enumerate the importance of decision-making in knowledge managerial environment and adhere its techniques to make them easier to evaluate and apply to take effective decisions.

Keywords: Decision-making, Knowledge Management, Rationality,

1. INTRODUCTION

“Decision-Making is a process of selection from a set of flexible alternative courses of action which is thought to fulfils the objectives of the decision problem more satisfactorily them others.”

Therefore, the following can be thought of as the various elements of decision-making:

1. The decision-makers.
2. The decision-problem.
3. Internal and External environment in which the decision has to be made.
4. Objectives of the decision-makers including personal thinking & values.
5. The alternative course of action.
6. The outcomes expected from various alternatives.
7. The final choice of the alternative i.e. Actual Performance.

2. NATURE OF DECISION-MAKING

There are various features of decision-making as follow:

1. Taking Decisions: Decision making is a really thinking of alternatives and then choosing one to convert into action. Decision can be positive as well as negative. Thus, refraining from an action is also a decision. A negative decision must be taken positively with full awareness of the consequences.
2. Using decision for Action Orientation: Decisions have no value for actions without deciding about implementation. Thus, decisions must help in taking actions and make progress towards objectives. Every decision must have an action value. A decision may look good on the face

of it but if it is not actionable. The real worth of a decision is its utility for action. Action orientation takes us to results. Result orientation is a key to decision-making.

3. Connecting Decisions to Value: Decisions can be neutral but not the values. These values belong to decision-making of individual or their groups, and that determines a choice of alternatives for decision-making.
4. Keeping Time Factor in Mind: One must understand the two types of time elements in decision-making, the first time for implementing decision. The other type of decision involved is the time to decide. There can be a reactive decision and proactive decision when there is urgency under certain circumstances, one must immediately react with some decision. While one who responds to it by thinking how best can take advantage of adverse situation does it with a pro-active mind. Thus, time is a very important consideration in decision-making.
5. Ease in Handling Decision: Decisions must be followed by actions and easy to handle in the future environment. These factors may be the capacity of employees to handle situations, or shortcomings of resources must consider the levels positions of handlers and the impact on the handlers before finalizing decisions. Tactical decisions and understanding of the problem by

- those associated with it are also important.
6. Applying Creativity and Innovation: Decision-making involves not only analysis of present environment but something which is not thought. Alternative building for decision-making is a very creative and innovative process.
 7. Posing the Right Problem: Creating alternative set of solutions to make decision-making more thorough also depends on how you pose a problem. Posing a right problem for a decision is important the one must find different alternatives to think and frame our decision.
 8. Relating Decision to Resource Availability: One of the important resources that is required in decision-making is availability of information. More and better the information, problem area is wider and deeper, one must propose better alternatives for decision.
 9. Connecting Decisions with Objectives: Decision can only be taken against objectives that are to be achieved. The ends must be very clear. Objectives do require a time frame. It means one must achieve an objective within a given time. Result must be clearly ascertainable in an objective.
 10. Taking Risk: Decision-making involves change and due uncertainty of result contemplated a risk. The ability to take risk determines the choice of alternatives in decision-making.
 11. Managing Change: Decision involve e making a change and handling of the change. One must weigh how much change is involved in a decision. That which fits into organization culture is easy to change but in case the change involves a change in the culture itself, one must think more of handling change along with the decision.
 12. Handling Associated Problems: Taking decisions in a cluster to satisfy the aspects of environment within which it is taken. One must prepare to handle many problems simultaneously, if must make the decision effective.
 13. Synchronizing Decisions: The prioritization is essential and yet all decisions must be dealt with all the time. This variety, though it offers a challenge becomes much more complicated when each decision is in different stages of progress and implementation. All this requires a high degree of synchronization.
 14. Choosing between Alternatives: Decision are taken by choosing rationally between different alternatives. In fact, alternatives are also chosen rationally. It depends on the subjective capacity of the decision maker and his understanding of the environment. It is therefore said that one takes decision with bonded rationality.
 15. Being Open to Surrounding Issues: Decision cannot be taken by just confining to the area of decision itself. Decisions must be connected to surrounding areas to arrive at a better decision. These are- purpose, policy, objectives etc., which are set outside, but which are necessary to consider before decision is taken. The course of action is decided by the managers by taking into consideration overall environment and its purpose.

3. IMPORTANT DECISIONS IN THE MANAGEMENT

There are various types of important decisions under the functions of the management:

1. PLANNING

- What are the objectives?
- What policies & strategies required to fulfils over the objectives?
- What are the changes taking place in the internal & external environments & its importance in the organization?

2. ORGANISING

- How the division of work is to be done?
- How the coordination will take in various units & departments?
- Do there is need of change in the existing work, authority-responsible structure?

3. STAFFING

- What is the requirement of number & nature of the employees?
- What decisions are to be taken as to the sources of labour?
- What decisions taken for the recruitment & selections?
- What can be the types of training be given to be selected people & how?

4. DIRECTING

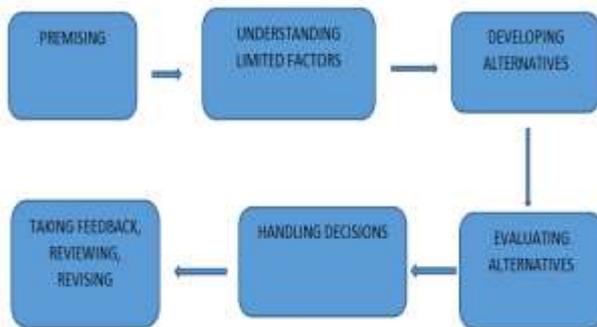
- What decisions are taken to the types of leadership styles to be adopted?
- What communication styles to be followed in the organization?
- What Motivation & performance appraisal styles to be employed?

5. CONTROLLING

- What should be the standard for performance?
- How to measure actual performance & how often?
- What decisions taken for the correction actions for existing employees & processes?

4. THE PROCESS OF DECISION-MAKING

The process of decision-making has been explained as follow:



1. PREMISING

Before we start making a decision, we must have some premise in mind such as the objectives, nature of problem, operating conditions. More the premising is proved correct, more will be the chances of getting expected results.

2. UNDERSTANDING LIMITING FACTORS

The limiting factors is something that stands in the way of objectives. One should recognize

such factors and only propose alternatives. The internal organization provides strengths and weaknesses in terms of resources while the external organization provides opportunities and threats, ad its limitations. Thus, understanding these limitations is very important otherwise the whole exercise of decision-making will prove futile.

3. DEVELOPING ALTERNATIVES

We must have a range of alternatives in order to decide. The freedom we get at the time of decision-making is not thinking and is less expensive than the second one which requires commitment of actual resources. It is desirable to have many alternatives before the decision stage.

4. EVALUATING ALTERNATIVES

The evaluation is generally done on the basis of experience, meeting objectives, time within which one expects results, cost involved for its success. It is effectiveness of an alternative that are subjective considerations such as experimentation, research and analysis to support choice of alternatives.

5. HANDLING DCISIONS

Decisions are formed in one environment and are implemented which are dynamic and require contingent approach. Handling decisions may by different ways. Most of the decisions are to be implemented through shortage of people and resources.

6. TAKING FEEDBACK, REVIEWING AND REVISING

One requires some system for feedback and follow up in terms of revision of some aspects of a decision. The feedback can be oral, in writing, casual or in a well-designed form. It should satisfy to know the outcome and rework on such an outcome.

5. BOUNDED RATIONALITY

The decision taken through analysis, reasoning and weighing the consequences of various alternatives, such a bounded objective will be rational decision. There are three dimensions which are essential

to have a rational decision that are to be followed. Firstly, the extent to which a given decision/action satisfies human interests. Secondly, the main chosen decision for decision making to achieve an end must be justifying and thirdly, the decision must be consistent with results.

Management experts have come up with this bounded rationality model based on decision values, background, intuition, emotions and attitudes. This model is descriptive in nature. Managers don't require the perfect knowledge of the decision problem because of restricted rationality. It involves limited search for alternatives that keeps on eliminating those alternatives which are lacking with values and thinking. The results must be satisfying the decisions with its flexible approach.

Experts also considered the traditional model of decision making, i.e., Rational Economic Man Model. In this model, managers are perfectly rational in decision making. They behave normative in nature. They have perfect knowledge of the decision-problem. There is exhaustive and comprehensive search of all alternative is possible together with the outcome of each alternative. The results must have optimal decisions with their rigid approach.

6. ASSISTING TECHNIQUES IN DECISION-MAKING

Basic decision type can be divided into programmed or structured and non-programmed or non-structured decisions. Decisions are programmed to the extent that they are repetitive and routine, to the extent that definite procedure has been worked out for handling them so that they don't have to be treated de novo each time they occur. Decisions are non-programmed to the extent that they are novel, unstructured and consequential. There is no cut and dried method for handling the problem because it hasn't arisen before, or because its precise nature and structure are complex, or because it is so important that it deserve a subjective treatment.

The techniques of decision-making for both programmed and non-programmed decision, range from the very simple to the rather sophisticated. The given decision must be influenced by the importance and complexity of the decision. The decisions must pertain the

easy and practical techniques for the simple or complex decisions.

1. Traditional techniques for programmed decisions:

An individual acquires many habits over a period of time. They are influenced by his past experience and learning. They follow:

- a. Standard operating procedure: In all the organizations standard procedures got developed to perform the routine tasks these procedures are followed as a matter of habit in routine in organization.
- b. Organizational structure: In a well-defined organization structure, every job positions has a well laid out job profile, well drawn lines of responsibility and authority, proper communication channels and clarity with regard to goals and sub-goals to be achieved. When goals are clear, the responsibility for decision is fixed and the decision maker knows with whom to communicate, the structure in itself facilitate decision-making.

2. Modern techniques for making programmed decisions:

Modern techniques of decision-making involves formulating mathematical problems and finding their optimal solutions by using the operations research techniques. Operational research is a term describe analysis of the effectiveness of various alternative plans, strategies, technologies and techniques. Operational Research (OR) deals with:

- a. Building mathematical models of decision-making processes.
- b. Development of mathematical techniques and algorithms for processing the models.
- c. Application of the resulting techniques and algorithm in various disciplines including Finance and Management. Given below are some techniques, which are used in

the process of decision-making:

1. **Linear Programming:** It is a resource allocation technique. Whenever we have a problem of limited resources, which we want to use optimally, a linear programming model helps in evaluating the alternative resources combinations giving different outputs. However, for the application of this model, there must be a linear relationship between variables. This means that a change in one variable is accompanied by a proportional change in the other variables.
2. **Queuing Theory:** Whenever a decision involves balancing the cost of a waiting line against the cost of service to maintain that line, it can be made easier with queuing theory. This includes such common situations as determining how many gas pumps are needed at gas stations, bank windows, airport counters. In each situation management wants to minimize cost by having a few stations to test the patience of customers.
3. **Game Theory:** Game theory is a mathematical theory deals with the general features of competitive situations in a formal abstract way. It places particular emphasis on the decision-making process of the adversaries. It leads to assumes how a competitor would react to your own strategy. Gaming competitor's responses to prepare one's responses.
4. **Probability Theory:** With the help of probability theory, managers can use statistics to reduce the amount of risk in plans. By analyzing the past patterns, a manager can improve current and future decisions.
5. **Simulation:** Simulations is the model of a real life situation. The technique gives a solid ground to stimulate the decisions. It is used to see the effect of change in different variables in a given set of circumstances.
6. **Network Techniques:** There are two popular network techniques CPM-Critical Path Method and

PERT- Program Evaluation Review Technique. These techniques are used to manage projects. The idea is to sequence the activities to be performed in such a way so that the overall time taken in the completion of the project is minimum. Since the time is money, completing the project in the minimum possible time increase the return on the project by manifolds.

3. Traditional techniques for making non-programmed decisions:

1. **Judgement, intuition and creativity:** the decision maker is supposed to possess good deal of creativity and should be balance his intuition and given facts to reach a final judgement. These are personal traits rather than techniques. People consider how various decision alternative fit with their personal standards as well as their personal goals and plans. The best decision for someone else.
2. **Rules of Thumb:** At times, some rules are established which make basis for even non-programmed decisions. Like the pricing policy should not be reactive to the competitors pricing policy. We would price on the basis of costs only. These kinds of rules of thumb decides direction to future strategies.

4. Modern techniques for non-programmed decisions- Creative Techniques:

These techniques use creativity of individuals to generate different alternatives to solve the given problems. For example, brainstorming is one of the most creative techniques that encourage individuals to think creativity without any limiting constraints. In this, non-conventional ideas and decision can be reached.

1. **Participative Techniques:** Modern era has brought with it the concept of employee participation in the decision making process. The participative of

implementation team in the decision process improves the information on which decision is based include ground realities also.

2. Heuristic Techniques: People often attempt to simplify the complex decision they face by using heuristics-simple rules of thumb that guide them through the complex array of decision alternatives. There are mainly two types of heuristics-availability heuristics and representative heuristics. The availability heuristics is the tendency for people to base their judgment on information that is readily available to them even though it might not be accurate. The representative heuristics is the tendency to perceive others in stereotypical ways if they appear to be typical representative of the category to which they belong.

7. CONCLUSION

Achieving the organizational goals in a complex and volatile environment where managers are forced to make faster decision and to change them as fast, decision-making process are useful. Decision-Making is not the only the basic function of management but also contributes to the success and failure of the organization. It is proved as the essence of management and planning of the organization.

Applying management's decision-making process in the organization has brought new dimensions in the management theory, organizational change, organizational learning, organizational culture, development theory and others. Moreover, strategic decisions are taken as competitive and resources related. These decisions give directions to making norms as a strategy and goal-oriented.

The author also explains the "Bounded Rationality" that behaves as an entity of the goal-directed, encouraging and learning individuals. It is the knowledge one has at the time of taking decisions and willingness of the individual to take risk. The desire of appropriate time and information accommodate the rationality of taking decision with bounded rationality. The rationality

depends on the subjective capacity of the decision maker and his understanding of their environment.

BIBLIOGRAPHY

1. B. Bryong & S. Tricia (2008), "Understanding the Dynamics of Decision-Making & Choices" Social Policy Research Unit Publication, ISBN-978-1-871713-24-4.
2. B. Eva (2010), "Manager's Decision-Making in Organization- Empirical Analysis of Bureaucratic Vs Learning Approach" Preliminary Communication, Vol.28 (135-163).
3. J. Sergio (2005), "The Strategic Decision-Making Process in Organization" Problems and Perspectives in Management.
4. N. Helena (2014), "Using a Decision-Making Process Model in Strategic Management" Review of General Management, Vol. 19 (111-124).
5. P.M. Vassilis (1998), "Strategic Decision-Making Process: The Role of Management and Context" Strategic Management Journals, Vol. 19 (115-147).
6. W. Boulding (1994), "Understanding Manager's Strategic Decision-Making Process" Kluwer Academic Publishers (413-426).