

Describe the four basic stages in the rational model of decision making and problem solving. When do bounded rationality, satisficing and heuristics enter your own decision making for better? For worse?

Decision

"Decision is the process where one option is selected from two alternatives."

"Decision is taken to give solution to any problem."

Types of decisions

There are two types of decisions

- (i) Structured problems, programmed decisions
 - ⊙ These are the problems which organization or managers face on daily basis
 - ⊙ These problems have simple and easy solutions because managers deal such problems on daily basis
- (ii) Unstructured problems, unprogrammed decisions
 - ⊙ These problems are complex and complicated, and are difficult to solve
 - ⊙ These problems need thorough studies to take decisions

Rational Model of Decision Making

In Rational decision making logical ideas are used to solve the situation. Rational decision making consists of four basic stages

- i) Identifying the problem
- ii) analyze solutions
- iii) implementation of solution
- iv) Monitor the result

public administrators analyze the policy, implement policy and monitor policy as well. After the implementation of policy they work for the policy effectiveness, efficiency and economical suitability. Two more "Es" are added know which are equity and environment. Public administrators now have to consider all these "5Es"

will analyzing and implementing the policy.
There are eight steps in decision making

(i) Identifying the situation / problem

Foremost step is the identification of problem, once correct problem is identified it become easier to provide / suggest different alternatives for the problem.

(ii) Defining criteria for goal

After pointing out the problem next step is to define criteria for the goal, on the basis of which heads we determine our alternatives

(iii) providing weight to the criteria

weight provide clear indication that what is high and low priorities for selecting the alternatives.

(iv) Develop different alternatives

Not only one solution is best these should be list of possible alternatives for possible and best, efficient and cost effective outcome.

v) select alternative

in this step one alternative is must to select, which fell in the criteria of effectiveness, efficiency and economically suitable.

vi) Implement the alternative
In sixth step (we have to implement) implementation of alternative take place, which is implemented against the problem.

vii) Monitor the implementation of alternatives
Monitoring of process is mandatory, because for proper implementation sound monitoring and guidance is must.

viii) Analyze the results
At the end, analyze the results of the solution being implemented if the result is positive and according to the goals and objectives, it means solution is succeeded and if results are worse than previous situation then it indicate the failure of proper implementation.

Identify the problem



Defining criteria for the goal



Providing weight to the criteria



Develop alternative



Select alternative



Implementation of alternatives



Monitor the process



Analyze the results

Rational Decision Making

In rational decision making logic and intellectuality is used. Rational decision making in public organizations is difficult and complex task because public administrators lack profit and personal incentives in rational and complex decision making. In rational decision making — managers identify problem, extract possible alternatives and proper information on each alternative, select one best possible alternative and at the end implement that alternative. These are assumptions of rational decision making.

Rational decision making : Bounded rationality

Herbert Simon in his book "Behavioral Management" discuss that rational decision making is not completely possible in public organizations. Because, managers lack information about each and every alternative, lack of knowledge and lack of forecast.

There are three main reasons in bounded rationality.

- (i) Rational decision makers lack proper and complete information about the alternative
- (ii) Lack of prediction of consequences of results which will hold in future
- (iii) Lack of knowledge, environment and support bound rationality

Bounded rationality is good or worse and in what circumstances?

Bounded rationality is worse because it is hindrance in the way of complete decision

making which is rational decision making.
Solution for rational decision making is (i) Access to legal and required information (ii) decentralized system (iii) Proper training of employees (iv) performance based system.

With the help of these steps rational decision making is possible.