

Rational decision making - Herbert A. Simon

Decision-making can be defined as choosing one option from among various options to solve the problems of an organization.

Chester Bernard stated that the processes of decision are largely techniques for narrowing choice.

Seckler-Hudson argued that decision-making in the government is a plural activity. One individual may pronounce the decision, but many contribute to the process of reaching the decision. It is a part of political system.

Millt argued that following three factors are required to understand decision-making process:

1. Personal differences among the individuals that make some decisive and others indecisive.
2. Role played by knowledge in decision-making.

Decision-making involves institutional as well as personal limitation.

Herbert Simon is the dominant thinker who gave the concept of Rational Decision Making.

Herbert simon argued that decision are made at all levels of the organization and so organization is a structure of decision makers. For him decision making is an all encompassing activity which involves both 'POCC' by Fayol and 'POSDCORB' by Gulick. He was against the classical advocacy of principles of administration. He argued for empirical approach and discouraged normative approach to the study of administration.

Simon's basis of decision-making:

1. Factual premise can be tasted and proved.
2. Value premise can not be tasted rather can be asserted subjectively.

Three phases of Simon's Simon's decision-making:

1. Intelligent Activity- The first phase is intelligent activity which involves finding occasions for making a decision.

2. Design Activity- The second phase is design activity which involves finding alternative course of action.

3. Choice Activity- The last phase is choice activity which involves choosing one alternative from the given different alternatives.

Simon classified decision-making into two types:

1. Programmed- A definite procedure is followed.

2. Non- Programmed- No definite procedure is followed. They are unstructured and consequential.

Herbert A. Simon's Bounded Rationality Model.

This model is also called Behaviour Alternative Model.

According to Simon various types of rationality exist. They are:

1. Objectively rational

2. Subjectively rational

3. Consciously rational

4. Deliberately rational

5. Personally rational

Since total rationality is impossible in administrative behavior , one should aim at bounded rationality which leads to satisficing decisions. Satisficing decision implies that we should choose an alternative which is satisfactory.

There are several factors responsible for bounded rationality which leads to satisficing decisions. There are:

1. Dynamic rather than static nature of organizational objectives.
2. Imperfect informations or inadequate informations as well as limited capacity to analyze the available information.
3. Time and cost constraints.
4. Environmental forces or external factors.
5. Alternatives cannot be always quantified in an ordered preference.
6. Decision-maker may not be aware of all the possible alternatives available and their consequences.
7. Personal factors of the decision-maker.
8. Organizational factors like procedure, rules channels of communication etc.

According to Simon the administrative man have following characteristics:

1. Administrative man looks for satisfactory alternative.
2. Administrative man recognize that the world he perceives is a drastically simplified model of the real world.
3. Administration man can make his choices without first determining all possible alternatives and without ascertaining that all satisfies rather than maximize.
4. Administrative man is able to make decisions with relatively simple rule of thumb because he treats the world as rather empty.

Chis Argyris criticizes for not recognizing the role of intuition, tradition and faith in decision-making.

Norton E. Long and Philip Selznick argue that Simon's distinction between fact and values revises in a new guise the discredited politics-administration dichotomy and consider bureaucracy as a neutral instrument.

Reference:

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