

CHAPTER THREE: Managerial Decision Making

3.1 Defining Decision Making

Managers usually make decisions the way people breath, without thinking about the process. Yet decision making is t the heart of the managerial process, just as breathing is central to life. It is difficult to think of any important aspect of running a media organization that is not connected to decisions.

Making decisions without considering the process works reasonably well on a day – to – basis. However, decision making is a skill. Just as breathing can be improved with practice, so can decision making. If managers want to improve their abilities to make effective and efficient decisions, they must their abilities to make effective and efficient decisions, they must think about the process they use to decide.

Decision making has lots of definitions

Decision making comprises three principle phases: finding occasions for making decision; finding possible courses of action; and choosing among the courses of action”. A decision can be defined as:

... A moment, in an going process of evaluating alternatives for meeting an objective, at which expectations about a particular course of action impel the decision maker to select the course of action most likely to result in obtaining objective.

“**Allocation** of scarce resources by individuals or groups to achieve goals under conditions of uncertainty and risk.”

This definition has six terms that need discussion. First, allocation simply means that things have been distributed among alternatives. Just a family allocated its income for food, clothing, housing, transportation, and entertainment, media managers must decide how to distribute their resources.

Scare resources means a manger never has all the resources he/she would like. Available resources are time and money. To a degree, these two resources are interchangeable. If you have money, but need time, you can time others. If you have time, but need money, you can sell that time. Certainly, other forms of resources are available, but all are related to time and money. The word scarce is just as important in this term as resources. If resources were not scarce, decision making would not be control to management. Scare resources limit the time and money spent on a decision.

The third term is **individuals** and **groups decisions** can be made by one person or by two more people functioning as a unit. All other things equal, it takes lets time for one person to decide than it does a group. However, ease of decision is not the same as effectiveness of decision. Groups make some decisions better than do individuals.

Goal is the fourth term. Goal means a decision has a purpose. Goals can be understood in forms of **rational** and **nonrational** ones. The **rational** goals or decisions refer taking the best alternative when the managers or decision makers confronted with multiple choices of decisions. The basic assumption here is business should maximize some goals, whether it be profits, revenues, or sales. **Nonrational** goals or principles are known as bounded rationality. This principle recognizes that humans cannot be rational in the traditional sense because of physical and mental limits. Humans pursue goals in a purposeful manner but this pursuit is limited by the nature of people and by the social environment in which they live. As a result, people will seek goals and make decisions that work to satisfy instead of maximize their benefits from the decisions. This satisfying approach means people adopt goals and decision out comes that are acceptable within the constraints faced by the organizations.

Uncertainty is the fifth form of the definition that needs discussion. Uncertainty means all decisions are probabilistic. No decision outcome is 100% certain. At best, people can estimate the likelihood that a certain decision will cause certain out come. Uncertainty is generated by many factors and is the central problem facing decision makers.

3.3.1 Defining the problem

The first step is defining the problem to be solved. It involves the collection of information about some form of behavior, either inside or outside the organization, which is a problem for the media firm. This information must be analyzed in a way that allows the managers to frame the problem appropriately.

3.3.2 Specifying goals

After the problem is defined, the next step is specifying the goals of the decision. The goals need to be concrete. Vague statements about reversing a trend will not allow for effective decision-making. The goals should be as specifies the problem and available data will allow usually the decision process will address multiple goals. All goals should have some time frame for accomplishing them.

3.3.3 Developing solutions

The third step in the decision what is developing alternative solution. The first effort in this step should develop as many alternatives as possible. Inadequate solutions always can be rejected, but a solution that has been considered never can be selected. A weeding out process follows the listing of the solutions. Here, the obviously unsuitable solution can be dropped, leaving those that have some possibilities for accomplishing the goals. Just as with all steps, the narrowing process requires the acquisition of information and it analysis.

Two questions for developing this short list are:

- a) Will the solutions actually accomplish the goals? And
- b) Will the costs of the solution outweigh the gains to the organization?

If the answer to the first question is no, then the solution should be dropped. If the answer to the second question is yes, then the solution should be dropped.

3.3.6 Monitoring the solution

The final step is monitoring the implementation in light of the goals. This monitoring should provide feedback on a regular basis to judge progress toward the goals and be part of the implementation plan. Crucial to the monitoring system is a time table. A solution that is not working should be given an adequate test period, but a media organization should not remain committed to a solution once it becomes obvious that it will not work. Times should be established during the implementation process at which the managers must decide to continue or end the plan.

This monitoring process makes the entire decision process cyclical if the solution is not working, this becomes a problem that starts a new cycle of decision making. The same steps are taken in a new cycle but some may take less time and effort because the previous decision already provides relevant information. However, managers always must be careful not to assume that they have all the information they need. An effective manager continues to acquire information until the cost of additional information outweighs the probable benefit from having that information.

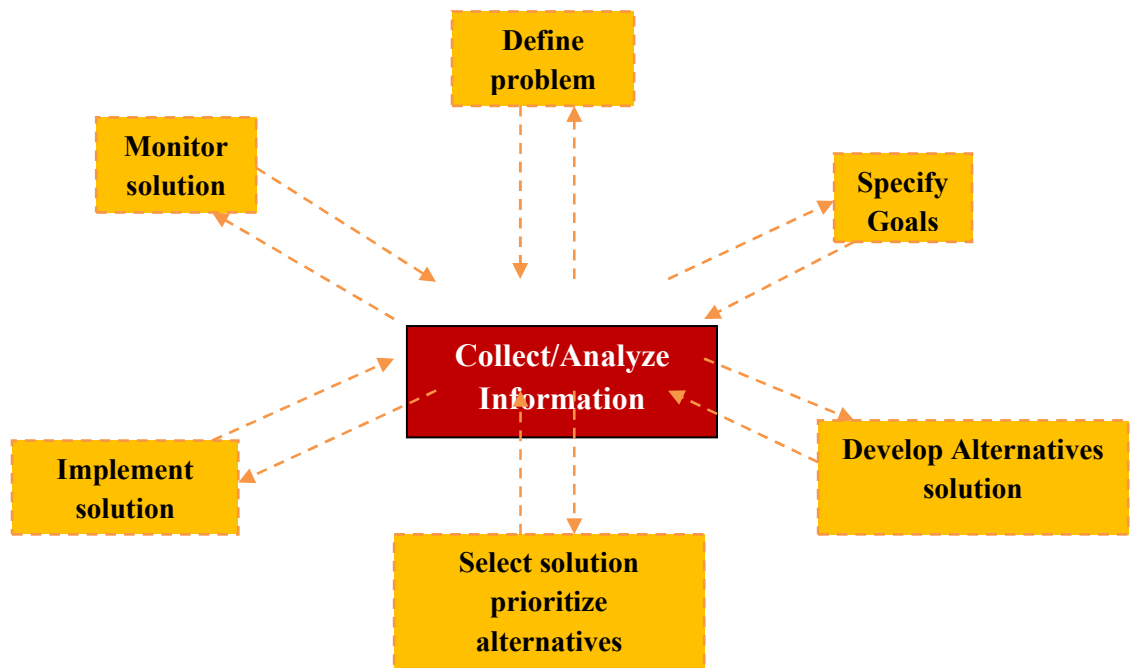


Figure 4: The Decision wheel

3.4.2 Time and Decision making

In addition to classifying by the size of the group involved, decisions can be broken down on the basis of time available. Three general timing patterns seem appropriate. Non programmed decisions can be classified as **immediate, short-term, or long- term. Immediate decisions** must be made quickly. The time that is available between step1 and step5 in the decision wheel is measured in hour or even minutes. Story decisions on deadline are the prime examples in media. As a result of deadliness, it is common to find individuals making content decisions at newspapers, magazines, and television news departments.

Short-term decisions are ones that need not be made immediately, but they must be made within a reasonable period of time. At a news papers the plans for a breakdown of news and advertising space for the coming week would be short-term. Small groups usually make these decisions, even if one person has responsibility.

Long-term decisions are these that affect the organization over a period of years and, therefore, warrant a longer decision-making process. This type of decision ranges from the television news ratings problem to format changes at magazine or news paper. Because of their complexity, these decisions require participations by a large number of people in groups and as individuals. In effect, a long-term decision, such as what next year's budget should be, requires hundreds or thousands of smaller decisions.

Overall, time acts as a constraint on the process shown in the decision wheel by limiting the time available for each of the six steps. These limits determine how much information can be collected, how much analysis can be conducted, and how many people can participate in the decision. For example, immediate decisions allow very little time for each step and for information collection and analysis. Long-term decision should include adequate time for each step.