Subject: Public Administration

Course: Public Administration: An Introduction

Title of the Module: Decision Making in Public Administration

(The module comprehensively explains the process of decision making in Administration. It starts by introducing the process of decision making and throwing light on the theoretical contributions in the field by distinguished scholars of Public Administration like Henry Fayol, Luther Gulick, Chester Barnard, Herbert Simon, Charles Lindbloom, AmitaiEtzioni and YehezkielDror etc. and then evaluating various models of decision making.)

Keywords: Decision Making, Value, Fact, Programmed Decision, Bounded Rationality, Models of Decision Making, Non Programmed Decision, Rationalization, Incrementalism.

Introduction

Decision making is the process through which one optimalchoice is made from several possible alternativesof solutions for a given situation that will ensure maximum benefit and least risk than the others which were not selected. It is the culmination of an effort in the form of a final choice out of a set of alternatives.Some of the essential characteristics of the process of decision making are:

a) It is a goal oriented process;

b) It is an intellectual process as it is a product of deliberations,reasoning and evaluation;

c) It is a dynamic process varying with the type of problem and available time ;

d) It is situational in nature as the same decision cannot be taken in general for all situations;

e) Decisions have to be taken keeping in mind the environmental factors— political,economic,geographical,social etc.

f) It is a continuous and ongoing process--one decision being followed and supplemented by another one and so on;

g) It cannot be fully objective as intuition, instinct and a host of other psychological factors contribute tothe choice of an alternative out ofseemingly similar alternatives.

h) A decision is usually made within the guidelines of an established policy. A policy is relatively extensive, affectsmany problems and is referred to again and again.

i) It is essentially problem solving in nature as it applies to a particular problem.

Chester Barnard was the pioneer of the decision making approach and considered it the 'essential process of organizational action'. Herbert Simon was a prominent decision making theorist and a significant and detailed contributor of the Behaviourist School of thought.

Process of Decision Making

The process of decision making is immensely significant in the context of administration in the public domain. It is the mechanism through which the administration achieves its goals. At each and every juncture of policy formulation as well as its implementation,it is the right and timely decisions that ensure the success of the public policies. Theeffective running of an organization is based on decisions that are to be taken at every step. Decision making basically involves the following steps:

1) Defining the problem ;
2) Analyzing the problem ;
3) Gathering relevant information ;
4) Developing alternative solutions
5) Selecting the best solution under the circumstances
6) Deciding on action

Herbert Simon, best known for his analysis and model of decision making, refers to three consequential steps in the process of decision making, namely:

A. The Intelligence Activity
B. The Design Activity
C. The Choice Activity

(These steps have been explained in detail on the following pages)

In his later writings, in association with James March, he added the fourth step "Follow up" involving the implementation of the decision. Simon also identified 'evaluating past choices' as another step/phase of decision making to compare Programmed and Unprogrammed decisions.

Models of Decision Making

There are numerous modelsof decision making attemptingto determine the extent of rationality of the decision makers and range from complete rationality to irrationality of the economic man and social man respectively.

The Classical/ Rationality Model:

The Classical School of Administration consisting of scholars like Henri Fayol,Gullicketc had a very simple and rigid approach to the study ofthe process of decision making that involved a series of steps like:

- Identification and analysis of the problem in context of the goals and objectives.
- Conceptualization of alternatives and collection of relevant pieces of information.
- Choosing the best course of action or alternative that would bring the best return.
- Implementing the decision
- Evaluating the effectiveness of the decision

Decision-making Process
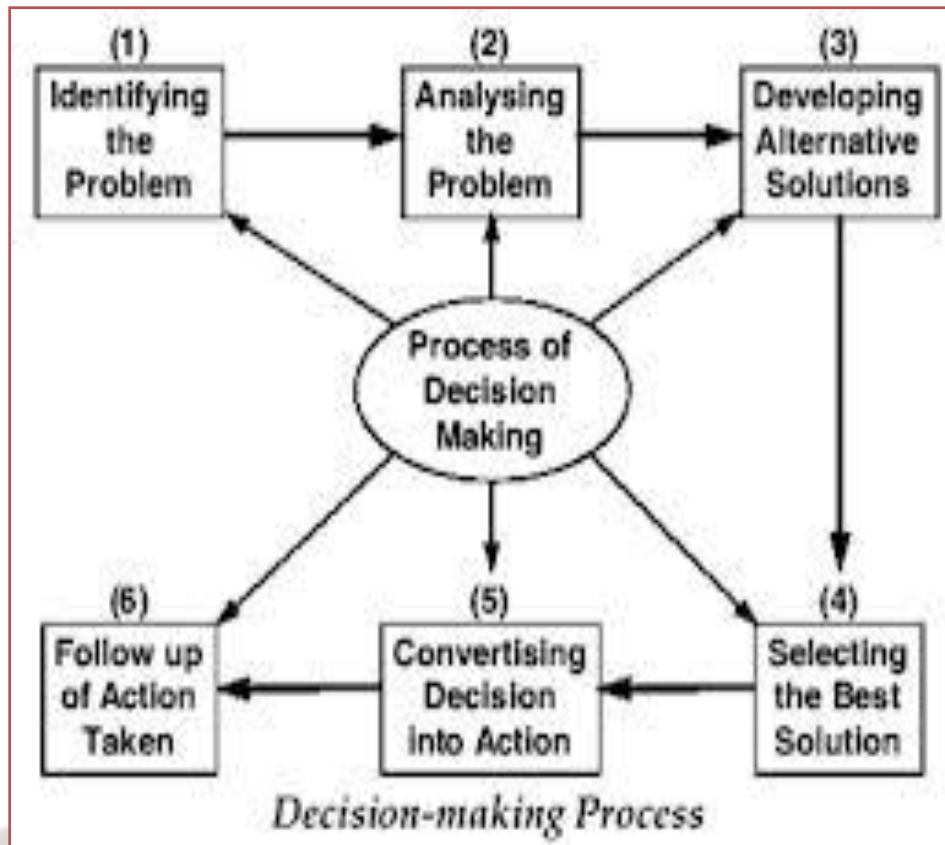
It is a very casual assumption here that all the above steps are simple to follow and that the administrator is bound to have all the relevant knowledge and sure shot prediction of success by choosing the best course of action(Decision). In reality the process is quite complex and not as simple as mentioned above as there are many unforeseen factors that crop up. However, this classical approach of decision making was the basis for the building of the Behaviourist School and the idea of studying decision making in detail sprouted from the above mentioned missing links.

The Bounded Rationality Model:

Herbert Simon has put forward an alternative model to the classical 'Economic Rationality Model' which he believed was comparatively a more realistic alternative. This model of decision making which he calls "Bounded(limited) Rationality(understanding) he proposes the model of AdministrativeMan rather than Economic Man while making decisions in an organisation. It states that there are limitations of human capacity in formulating and solving complex problems

that arise from internal,that is, psychological factors of stress or motivations on one hand or external,that is, environmental factors on the other hand. Thus, decisions are made within such constraints of the circumstance by the administrator in a given situation. He calls such decisions 'satisficing' decisions by combining the words satisfying and sufficing(to be enough) for the situation to get resolved. He states that a 'one best solution' or completely 'rational' choice of decision can never be achieved as the administrator only has limited knowledge of a given situation and so according to him that decision is the best but actually there will always be a better choice which is not known to the administrator due to his knowledge constraints and coming in between of his habits,personal beliefs or intellectual capacity,informal groups and the relationships people share in an organisation,lack of time,limited span of attention,etc. So, an administrator actually makes a satisficing decision instead of the best or maximizing decision that has only positive effects and gets the maximum rewards for the organisation as per the Classical theorists,which sounds idealistic,not practical. Simon defined decision making as "the optimum rational choice between alternative courses of action." According to Simon, decision making pervades the entire organisation. Hence, he viewed organisation as a structure of decision makers. He equated administration with decision making as every aspect of administration revolves around decision making. He observed that decision making is an all-embracing activity subsuming all the administrative functions described as 'POCCC' by Fayol and 'POSDCORB' by Gullick.

Simon's Behaviourist school has 3 aspects(parts) of decision making process:

- Scheme of Individual's Decision Choice.
- Fact - Value Dichotomy.
- Bounded Rationality

1)Under the first aspect of Individual Decision Choice,Simon has listed the following three steps/stages:

a) Intelligence activity stage: Simon called the first phase of decision making process as the intelligence activity. It involves finding occasions for decision making. The head of the organisation after studying the organisational environment has identified the problem to be

solved and gives it the needed recognition so that the whole organisation is aware of it and proceeds to its next step of resolution.

b) Design activity stage: Once the problem is identified the head of the organisation begins searching for possible and suitable courses or strategies or alternatives of action that could help resolve the issue in the best possible manner and leading to positive and beneficial results for the organization. He then goes through the merits and demerits of each of these alternatives and how they would work in regards to the issue and the speculation of results.

c) Choice activity stage: Once the alternatives have been developed the administrator proceeds to the choice activity stage which critically evaluates the different consequences of all the alternatives available. After the above mentioned stages are completed ,the decision is taken which seems the most appropriate and can fulfill the objectives of the organisation. This stage requires certain skills like judgement,creativity,quantitative analysis and experience in the decision making process.

Simon emphasizes on rational decision making but 100% rational decision making is impossible as what is rational today might not be rational anymore the next day in a complex situation or issue where a large network of decisions is to be executed in different phases. But,maximum rationalisation can be achieved in a simple or one time issue/situation.

According to Simon, these three phases are closely related to the stages in problem-solving, first described by John Dewey (1910). They are:

     a) What is the problem?
     b) What are the alternatives?
     c) Which alternative is the best?

In general, Intelligence activity precedes design activity and design activity precedes choice activity. The cycle of phases is however far more complex than this sequence suggests. There are wheels within wheels.

2)The Fact - Value Dichotomy: Simon in his writing asserts that each decision consists of a logical combination of fact(proven examples) and value (good and bad/morality,culture or virtues) propositions. A fact is a statement of reality, while a value is an expression of

preference. A factual premise can be proved by observable and measurable means that is, tested empirically. A value premise, on the other hand, cannot be tested empirically, that is, it can only subjectively asserted as valid. He states that as much as possible decisions should be based on facts and not influenced by values much so that there is uniformity in decision making universally and also decisions based on facts are most beneficial as they are proven and tried and tested most of the time and well calculated. He however made an exception for values stating that values can take part in decisions relating to the fixation of end goals of a policy while factual judgments shall be seen pre-dominant in the implementation of such goals.

3) Simon has presented six types of rationality in decision making:

1) Subjective: A decision is subjectively rational if the decision maximises attainment when compared to the knowledge of the subject that the administrator has.

2) Objective: A decision is objectively rational where it is correctbehaviour for maximising given values in a given situation.

3) Conscious: A decision is consciously rational where adjustment of means(methods, equipments and funds used to achieve an end/objective/goal) to ends (end result/objective or goal) is a conscious & planned process.

4) Deliberate: Decision is deliberately rational if the adjustment of means to ends has been deliberately sought.

5) Personal: Decision is personally rational if the decision is directed to the individual's goals.

6) Organisational: Decision is organisationally rational to the extent that it is aimed at the organisation's goals.

Simon believed that total rationality is impossible in administrative behaviour. Hence, "maximising decisions" are also not possible. He observed that human behaviour in an organisational setting is characterized by 'bounded rationality' leading to satisficing decisions. The following factors are responsible for bounded rationality leading to satisficing decisions.

    a) Dynamic nature of environment.
    b) Dynamic nature of objectives.
    c) Inadequate information.
    d) Time and cost constraints.

e) Personal factors of decision makers.

f) Organisational factors.

g) Alternatives cannot be always worked out in an ordered preference.

Types of Decisions in administration

Two types of decisions have been identified occurring in an organization:

1) Programmed decisions: Decisions are programmed to the extent that they are routine and repetitive, so that a definite procedure has been worked out for handling them and they don't have to be treated de-novo each time they occur. It is a decision by precedent. Such decisions which could be seen having repetitive components and where examples are present and somewhat of a routine nature with fixed variables. These kinds of decisions are suitable to be delegated to lower levels of the organisation.

2) Non-Programmed decisions: Such decisions which are novel, unstructured, unique and non-repetitive in nature having a new environment and variables. There is no cut and dried method for handling the problem because it is hasn't arisen before. These decisions are advised to be kept at the higher level of management.

Simon argues that rationality (principle of reason and logic/calculation) can be increased by :

1) Promoting high degree of specialisation.
2) Applying scientific tools in the process of decision making like PERT,computers,etc.
3) Promoting operations on the basis of market mechanism.
4) Promoting knowledge of political institutions.
5) Creating a wider base of knowledge so that rationality could be improved in problem solving.
6) Proper and clear communication of decisions from top management right to the bottom so all links and levels work in tandem and smoothly.
7) Trainings to be given to employees from time to time on decision making.

Charles Lindblom's Decision Making Approach - The Idea Of Incrementalism:
Lindblomwas critical of Herbert Simon's approach and advocated that instead of changing the whole area of where the issue arises,small and partial adjustments should be made mutually

which will then pass on gradually and without any conflict spread to the whole bit by bit, that is incrementally(a series of increases). If a big decision is taken all of a sudden it might be opposed as the people would find it hard to adjust to. He calls it as his paper titles " The Art Of Muddling Through" that instead of rationalism,the approach of Incrementalismis the best way since a public policy is mostly a continuation of a previous policy or a better version of it and bears a strong resemblance to its predecessor and so little by little changes are required since the base is the same. The idea of this approach was basically acceptance by public and legitimacy and is of short term perspective.

Etizioni's Mixed Scanning Model Of Decision Making: Etzioni has blended rationality and incrementalism in his model. He supported Lindblom's approach but did not agree with him on the rationality part that stated rationality should be done away with. He was of the view that in the beginning the whole problem area should be seen broadly and then later on focus may be made for detailed scrutiny of the smaller areas requiring urgent attention because unless the whole area is not seen a problem cannot be identified and the smaller areas will not come into focus.

YehezkielDror - Optimal Model Of Decision Making: Criticised Lindblom's approach as he felt that partial change as a solution to a problem is not possible as the inertia of the previous problem or the bigger problem will still persist and eat up these small and insignificant changes. He suggested a combination of rational factors as well as extra-rational factors linked with the decision and situation. He suggested a qualitative approach through a feedback mechanism. He was also in support of studying decision making as a subject of social science and making it inter disciplinary where knowledge and techniques from other social sciences can be mixed and applied to decision making to broaden its scope and achieve maximum results.

To improve the quality of decisions, various thinkers of administration have advocated approaches and models. Out of the modern techniqueswhich can be used for making decisions more effective,Risk Ananlysis,Decision Trees,Game Theory and Preference/Utilty Approach are worth referring to.

The need for effective, well researched and timely decisions in the administrative setup of a country needs to beduly emphasized. Sound decision making in public administration is of utmost importance on which the success or failure of the entire governmental machinery depends. One can refer to endless number of instances in recent times where lack of timely and sound decisions have led to enormous loss of human and financial resources which underlines the role knowledge, ability and experience of the decision makers can play in the decision making process.