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THE IMPORTANCE OF THE DECISION TAKING PROCESS FOR THE SUCCESS OF AN ORGANIZATION

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Abstract

Within the management process, the decision taking means choosing a course of action among several possible. This choice is a deliberate act of thought, to achieve the objectives by influencing the activity of an individual or group of individuals. The decision making process comprises a sequence of activities carried out by the decision maker, in order to choose the best of all possible courses of action.

Key words: decision, objective variables, courses of action.

1. Introduction

The decision making process comprises a sequence of activities carried out by the decision maker, in order to choose the best of all possible courses of action. The decision is the course of action chosen to achieve the objectives established during the planning process, choice that will influence the way the subordinates will perform their activity. The decision taking is one of the most important functions of management whose result essentially reaching objectives. The success or failures of management process, the objectives and task accomplishment depend on the quality of the decisions. The decision is the basis of any managerial activity, regardless the level it takes place on.

2. The decision taking process

The decision process includes four specific phases:

- preparing the decision;
- taking the decision ;
- implementing the decision;
- recording the effects.

THE IMPORTANCE OF THE DECISION TAKING PROCESS FOR THE SUCCESS OF AN ORGANIZATION

Preparing the decision requires the identification and definition of the problem taking into account the objectives set, the risks identified, the quality and quantity of the existing information and resources.

The decision taking involves comparative analysis of the possible variants of action, taking into account the pros and cons of each course of action, so that in the end the most advantageous alternative to be chosen.

Implementing the decision involves a series of organizational measures such as, the establishing the people in charge with the accomplishment of tasks, establishing accountability and the skills required of those involved in the activity, the organizing and conducting practical activities etc., but also motivational activities: explaining and arguing the decision.

Recording the effects of the decision is the stage when the results achieved following the course of action chosen are assessed and deviations, if any, are corrected.

The decision-taking activity underlies any management activities since it is the one setting: the action, the goal and the objectives as well as the means and methods that will help achieve the goals. Decision making should be based on accurate, clear, sufficient and reliable information and should be a rational process, based on the analysis, because this moment that allows for the transition from creative thinking to action and results. The decision taking is a process that does not end when the choice was made from all possible alternatives, but involves a continuous sequence of activities to analyze, compare, choose.

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2.1. Performance and decision taking

Within the management process, the decision taking means choosing a course of action among several possible. This choice is a deliberate act of thought, which is to achieve the objectives by influencing the activity of an individual or group of individuals (those having an execution position).

The performance achieved by an organization depends on the decisions taken by the managerial board in order to achieve specific objectives. Therefore good decisions must be scientifically substantiated, taking into account the internal and external environment conditions, the sufficiency of data and information, the targets to be achieved etc. According to professional requirements, the decision should be taken by those in charge, people with leadership positions who have the necessary authority and information, who are aware and able to consider all the circumstances. Decisions must be taken at the appropriate time and it is preferable not to miss the moment because a delayed decision may not be useful anymore.

A decision making system consists of the following components: the decision maker, decision alternatives, decision criteria, the environment, the consequences, the objectives and decision utility. The decision maker is the individual (person of authority) who will choose the most advantageous decision from the alternatives identified. The decision criteria are points of view according to the decision maker compares the alternatives and chooses the optimal one. Depending on the number of criteria, we have uni-criterial or multi-criterial decision. The environment consists of internal and external

THE IMPORTANCE OF THE DECISION TAKING PROCESS FOR THE SUCCESS OF AN ORGANIZATION

factors that influence the organization and determine the decision. The internal factors are: responsibility, the volume and quality of information, resources (human, material, financial, international), the qualifications and motivation of those involved in the activity. Among the external factors I can mention the social, economic, natural conditions, the legislation, personnel concerned, etc. [maracine].

2.2 Decision types

Considering all these factors, we can say that decisions are of three types: decisions under certainty, : decisions under uncertainty and : decisions under risk. Virtually all decisions are made in an environment where there is at least a minimum level of uncertainty. This degree varies from relatively high certainty to uncertainty, therefore all decisions involve some percentage of risk.

In a situation involving certainty, decision makers (managers) are quite sure what will happen when you take a decision. Information is available and considered reliable, and the cause-effect relation is known.

On the other hand, in a situation of uncertainty the amount of information is reduced, no one knows whether the data is reliable or not or whether the situation will change. Decision makers can not assess the interactions that will take place between different variables because they are uncontrollable.

In the case of decisions taken under risk, there are controllable and uncontrollable or insufficiently known variables. The decision maker has at his disposal information, which sometimes is incomplete or insufficient, that can be analyzed using statistical and mathematical methods thus being able to foresee opportunities for performing the tasks.

According to our assessment, all decision makers acting under uncertainty would like to know the extent and nature of the risk posed by choosing a specific course of action. One of the shortcomings of using traditional approaches in the assessment and problem solving is that much of the data used is only estimative and others are based on probabilities. Practically, every decision is based on the interaction of a number of key variables, many of which containing an element of uncertainty.

Fortunately, there are a number of technical tools available that help in taking effective decisions and determine the improvement of the quality of the decision taking process under conditions of uncertainty. Among the most important i can mention risk analysis and decision trees [peterson].

Risk analysis. All decision takers want to know the size and nature of the risk that choosing a particular course of action involves. Risk is composed of two elements: the likelihood that the activity will not be conducted as planned and the negative consequences of this fact. When undertaking a risk assessment analysis possible threats and the degree of their manifestation should be identified.

Decision trees are one of the best methods of analysis. Decision trees describe the decisions that may be taken 1, 2, 3 (Fig. 1.) And where you can get A, B, C as the results of various courses of action. For example, mangers may find themselves in situations when they have to decide whether to acquire modern equipment to facilitate the work of the staff in a compartment (which implies a higher acquisition cost) or to hire / transfer a person

THE IMPORTANCE OF THE DECISION TAKING PROCESS FOR THE SUCCESS OF AN ORGANIZATION

from another department to execute the activity that could be done by the same number of employees by using more efficient equipment

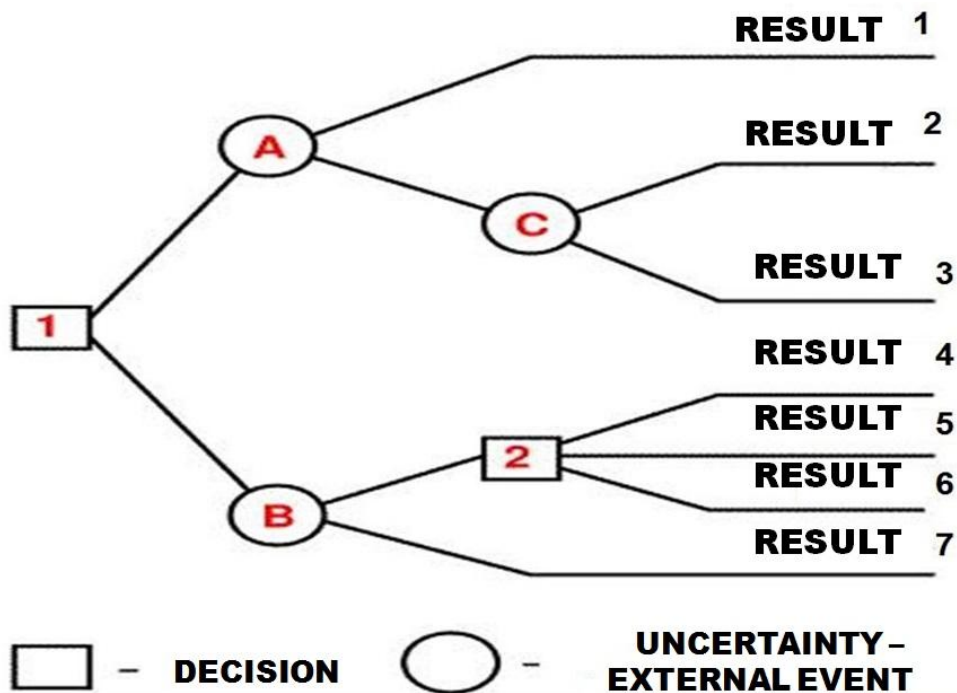


Fig. 1. The decision tree []

Using decision trees makes possible the study of major alternatives and how the decision will affect future events.

The consequences are the results of decisional variants. Establish consequences can not be achieved precisely because there are no known causes for their appearance.

Depending on how the decisions are taken, they can be programmed or unprogrammed. For programmed decisions there is an already regulated mode of action and most often, they are taken on the basis of previous experience. Usually, these decisions are on matters of minor importance and are repetitive. Unprogrammed decisions regard new issues, generally they have a high degree of importance and do not fall into patterns of action. For such decisions to be taken, it is very important that decision maker have power of synthesis and great ability to think and react.

4. Conclusion

THE IMPORTANCE OF THE DECISION TAKING PROCESS FOR THE SUCCESS OF AN ORGANIZATION

Summing up all the above, we conclude that the decision-taking mechanism operates by engaging scientific components, but also using the experience and intuition of the decision maker. The decision maker defines the problem as he sees it, sets the objectives and examines consequences arising from the adoption of a particular course of action and decision criteria. Unfortunately, regardless of the method adopted for this process, the uncertainty factor can not be eliminated entirely.

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