

Chapter-4

Decision making

Very short Questions

1) What do you meant by decision making?

⇒ Decision-making is the process of choosing a course of action from among alternatives to achieve a desired goals or to solve a problem.

2) Mention any four features of decision making.

- ⇒
- Selective process
 - Intellectual process
 - Dynamic process
 - Mental process

3) Mention any four importance of decision making.

- ⇒
- Fundamental function
 - Indispensable component
 - Pervasion function
 - Selection of best alternatives.

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4) Mention the steps involved in decision making process.

- ⇒
- Recognize and define the problem
 - Identify appropriate alternatives
 - Evaluate each alternatives
 - Select the best alternative
 - Implement the selected alternative
 - Evaluate the result and follow-up.

5) Define risk.

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→ Risk is the potential for loss or an unexpected outcome due to uncertainty in decision making and external factors.

6) Define uncertainty.

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→ Uncertainty refers to the lack of predictability or certainty about future events, outcome or conditions that can affect decision-making and planning.

7) Mention different types of managerial decision

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- Programmed and non-programmed decision.
 - Major and minor decision
 - Routine and strategic decisions
 - Organizational and personal decision
 - Individual and group decision
 - Policy and operating decisions.

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Short/long answer questions

1) Explain the characteristics of decision making.

→ They are as given:-

- Selective process:- Decision making is the selective process in which only the best possible and suitable alternative from among the available alternatives is chosen.

- Intellectual process:- Decision making is a human and rational process because decisions are taken by the man who only applies his intelligence.

- Dynamic process:- Decision-making is a dynamic. It takes place within the changing environment.

- Continuous process:- It is a continuous process of management. From the start of the day to the close even for so many times, even at the residence.

- Mental process:- Decision making is a mental process because the final selection is made after thoughtful consideration.

- Goal oriented activity:- Decision making is a goal oriented managerial activity. A manager takes many decision which may help him to achieve the objectives of the organization.

2) Explain the importance of decision making in the business

→ Fundamental functions:- Decision making is the fundamental function of a manager. It is directed towards the achievement of organisational goals.

- Indispensable component:- Decision making is an indispensable component of managerial activities. It is attached and fabricated with the managerial process.

- Pervasive functions: Decision-making is a pervasive function of managers aimed at achieving organisational goals.

- Selection of best alternative: It is related to the choice of best alternative. Decision making is necessary for the right and best choice.

- Facilitate the managerial activities: The managers have to take a number of decisions for different activities daily. It indicates that decision making facilitates the management to convert organisational goals into reality.

3) Briefly explain the steps involved in decision making.

→ Recognize and define the problem: In the first step of the process of decision-making, a manager has to recognize that a decision is needed. The manager should identify the problem understand the problem and analyse the problem very carefully otherwise, he cannot take corrective action.

- Identify appropriate alternatives: After recognizing and defining the decision situation and problem, in second step, manager should the alternative courses of action. The manager is required to identify and develop the alternatives.

- Evaluate each alternative :- In the ~~2~~ third step of decision-making, all the alternatives should be analysed, evaluated and tested to determine the effectiveness of each of them.
- Select the best alternative :- After evaluation of the various alternatives, the manager has to select the best alternatives or a set of alternatives which may contribute maximum to the given objectives.
- Implement the selected alternative :- After selecting the best alternative, the manager has to take necessary step to implement the same.
- Evaluate the result and follow-up :- In the last step of the decision making process the decision implemented should constantly be monitored and evaluated.

4) Explain the condition of decision making.

⇒ They are :-

- Certainty :- When the certainty conditions are present, it can be reasonably expected by the managers what is going to happen when a particular decision has been taken by them. Certainty is a condition under which the manager is well informed about possible alternatives and their outcomes.

Risk :- In a risk situation, although the factual information may be present but it can be insufficient.

Mostly the managers have to take business decision under risk situations.

Uncertainty :- In case of Uncertainty conditions, very little information is available to the managers and the managers are not sure regarding the reliability of such information.

5) What are the types of managerial decision? Explain.

⇒ They are as given below :-

- Programmed and non-programmed decisions :- Programmed decision are those which are normally repetitive in nature. These are taken as a routine job and responsibilities. These decision are made by the middle and lower level managers in accordance with some policy, rules and procedures.

- Major and minor decisions :- Among several decision, some decisions are considerably more important than others. The decisions, which are relatively more important are considered as major and which are less important are considered as minor decision.

- Routine and strategic decision :- Routine decisions are those decisions which are considered as tactical or housekeeping decisions. They are related to the present. Whereas basic or strategic decisions are those which are related to lowering the price of product.
- Organizational and personal decision :- Organizational decision are taken by the executives of top level management for official purposes. These decisions are concerned with the policy of the business house and affect the organizational function directly.
- Individual and group decision :- Decisions may be taken either by one person or many persons. In the process of decision-making, when an individual is involved it is called individual decision.
- Policy and operating decision :- Decision may be related to the policy matters. Policy decisions are not most important decisions. The top level management use to take this type of decision. These decisions are of routine type.

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