

DECISION MAKING MODELS HANDOUT

I. The Rational-Economic (or Classical) Model

- Is prescriptive in that it focuses on how decisions *ought* to be made.
- Assumes the decision maker is completely rational (i.e., seeks to maximize the payoff and utilizes a search process that proceeds in a planned, orderly and consistent fashion) and unbiased.
- Assumes that the decision maker has available all the information needed to make a decision and that all possible alternatives are considered.
- The decision maker selects the optimum or best choice.
- Decision making proceeds through the following sequence of steps: problem identification, development of criteria against which alternative solutions can be evaluated, identification of alternative courses of action, evaluation of alternatives, selection of the best alternative, and implementation.

II. The Administrative (or Behavioral) Model

- Is descriptive in that it describes how decisions are actually made.
- Decision makers seek to simplify problems and make them less complex because they are constrained by their individual capabilities (e.g., limited information processing ability) and by organizational conditions (e.g., availability of resources).
- Assumes that decision makers operate with limited (or "bounded") rationality; this means that decision makers are rational within a simplified model which contains fewer components (e.g., fewer decision making criteria, fewer options, etc.).
- Assumes that decision makers identify a limited number of decision making criteria, that they examine a limited range of alternatives (only those which are easy to find, highly visible, have been tried before or are only slightly different from the status quo) and that they do not possess all the information needed to make a decision.
- The decision maker selects a satisficing alternative. This is an alternative that is "good enough" or satisfactory in that it meets the minimum criteria established for a desired solution.
- Decision making proceeds sequentially: alternatives are examined one at a time and the first satisfactory alternative that is found is selected.

III. The Implicit Favorite Model

- Is descriptive in that it describes how decisions are actually made.
- The decision maker seeks to simplify the decision making process by identifying an "implicit favorite" before alternatives are evaluated; this often occurs subconsciously.
- The decision maker is neither rational nor objective and unbiased.
- After a "favorite" is selected, the decision maker tries to *appear* rational and objective by developing decision criteria and by identifying and evaluating various alternatives; however, this is done in a biased way so as to ensure that the favorite appears superior on these criteria and thus, can legitimately be selected as the "best" solution.
- In this model, "decision making" is essentially a process of confirming a choice /decision that has already been made. The actual decision was made in an intuitive and unscientific fashion.

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IV. The Political Model

- Is descriptive in that it describes how decisions are actually made.
 - The decision maker is neither rational nor objective and unbiased.
 - Since the group members have different agendas, they need to negotiate with each other.
 - The process involves a cycle of bargaining among the decision makers in order for each one to try to get his or her perspective to be the one of choice – more specifically, to sway powerful people within the situation to adopt his or her viewpoint and influence the remaining decision makers.
 - This model does not involve making full information available, since it is based upon negotiation that is often influenced by power and favors. In fact, information is often withheld in order to better maneuver a given perspective.
 - In this model, potential problems and conflict often can be foreseen and minimized. Once powerful people have been swayed to support a particular viewpoint, other group members usually fall in line behind them.
 - The nature of bargaining and maneuvering (e.g., withholding information and social pressure) can produce effects that are long-lasting and detrimental. Once they discover it, the individuals involved in the decision may not appreciate the duplicity inherent in the process.
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- <http://trevor.butler.edu/~mpadgett/mg360/dmmodels.html>
- CSWT Papers: “Group Decision Making within the Organization: Can Models Help?” by Ryan K. Lahti (Center for the Study of Work Teams, University of North Texas).