

# Leadership Development Meeting-11 SM III 2019-2020



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# TYPES OF DECISION

Students can understand and know type of decision

**Meeting-11 Semester-3/Odd**  
**Year: 2019-2020**

# DECISION MAKING

1. Is *a process* with certain steps
2. As an *effort to solve the problem*
3. As a step of process to *determine an alternative choice*
4. Only *done once*
5. Contains *Risks*

## DECISION MAKING

### Conclusion:

Decision making means the actions of the leader for *the determination or termination of a thought process to answer a question or a problem*, especially a problem that arises in certain problematic conditions faced by the leader

# TYPES OF DECISION

- Decision making is universally defined *as the choice between various alternatives*. This understanding *includes both making choices and solving problems*
- Decision making type: is management's action *in choosing alternatives to achieve goals*

# TYPES OF DECISION

Each leader will face many problems that must be solved and must make a decision.

Among of the decision-making types are:

1. Personal decision
  2. Organizational decision/group
  3. Principal/ main decision
  4. Routine decision
  5. Programmed decision
  6. Un-programmed decision
  7. Emotional Decision
  8. Rational Decisions
- } Based on who participated
- } Based on the level
- } Based on the type of problem
- } Based on the process

# TYPES OF DECISION

## 1. Personal Decision:

- Personal decisions are decisions that are made by *him/ her self on the personal responsibility of a leader*
- In certain situations, *especially emergency situations*, leaders must have the courage to make decisions
- Decision making in emergencies/ precarious, *requires courage to bear the risk*, for the reputation of a leader

## Personal Decision (cont')

- For a leader, making a decision in a emergent/urgent situation is *an important moment* that determines for a leader to show the ability, courage, excellence and credibility of the leader.
- Personal decisions *if successful will raise the leader's reputation, conversely if it fails will adversely affect his reputation as a leader*



## Personal Decision (cont')

### Characteristics of personal decisions:

1. The decision is related to the *responsibility of the individual leader*
2. The decision was *determined by him/ her self*, not as a group decision
3. Personal decisions are *not delegated* to other parties
4. Personal decisions if implemented *should not need help from members of the organization*

## Personal Decision (cont')

### Examples of Leader's Personal Decisions:

1. Decision to *stop working/ quit*
2. Decision to *take vacation*
3. The decision to *take risks in negotiating* with someone or with other organizations/ agencies

# TYPES OF DECISION

## 2. Organizational/ Group Decisions:

- In organizations, if there are organizational problems, usually these organizational problems are *solved together with the person in charge of the organization*. The more so if organizational problems are related to the life or death (survival) of the organization/ company
- The problem is *not only the problem of the leader, but also the problem of groups or organizations*.

## Organizational / Group Decisions (cont')

- Decisions that are all together produced *based on the agreement of members of the organization*. They are called organizational decisions (with group members: Unit leaders, expert staff, investors/ owners of capital/ business organizations)

## Organizational / Group Decisions (cont')

### Characteristics of organizational decisions:

- 1) Organizational decisions are taken, determined by the leader in *his role as the leader* of the organization
- 2) Decisions *can be delegated to other parties*
- 3) The decision *requires the support of many members*
- 4) Organizational decisions are implemented *to be the responsibility of the organization*

## Organizational / Group Decisions (cont')

**Examples of organizational decisions:**

- 1) Decision to determine *the RKAP (Work Plan and Corporate Budget)*
- 2) The decision to apply *the marketing strategy*
- 3) Decision *setting the goals and objectives* of the organization
- 4) Decisions about *investing/ expanding the scope of the business area*

# Comparison of Individual and Group Decision Making

Decision Type	Strength	Weakness
❖ Individual decision making	<ul style="list-style-type: none"> <li>• Can be done quickly</li> <li>• Suitable for critical situations</li> <li>• The one in charge is clear</li> </ul>	<ul style="list-style-type: none"> <li>• Cause dissatisfaction among staff</li> <li>• Can cause conflict when implemented</li> </ul>
❖ Group decision making	<ul style="list-style-type: none"> <li>• Provides complete information</li> <li>• Create more alternatives</li> <li>• Increase the acceptance of solutions</li> <li>• Increase legitimacy</li> </ul>	<ul style="list-style-type: none"> <li>• Takes a long time</li> <li>• Often dominated by groups or strong people</li> <li>• Pressure to agree</li> <li>• Ambiguity regarding who should be responsible for decisions</li> </ul>

## 3. Main decision:

- The main decision or policy is *the direction of the organization's activities to reach the goal*
- The main policy is a decision determined by the organization and also *an important decision* in leadership
- *Mistaken in the determination of the main decision* will have an impact, even can damage the survival of the organization, including the reputation of the leader who sets the decision



## 3. Main decision

### Examples of parent decisions:

- **Decision to establish RAB (Budget and Expenditure Plan)**
- **Decisions about the appointment and dismissal of employees**
- **Decisions about work hours and work procedures**
- **Employee career development policy decisions etc.**

# TYPES OF DECISION

## 4. Routine Decisions:

- The main decision must be realized by action. The decision which is the act of completing the main decision is called *routine decision*
- Routine decisions usually *have the same pattern and are repeated*

## 4. Routine Decisions (cont')

### Characteristics of routine decisions:

- 1) Decisions that have *little influence on the organization*
- 2) Routine decisions are made *based on work guidelines*
- 3) Decisions with the same pattern *are repeated*

### Example:

Decision on work procedures, work steps, work discipline, work schedule decisions, salary payment date decisions, etc.

# TYPES OF DECISION

## 5. Programmed/ Structured Decisions

Decisions that are *repetitive and routine*, so they can be programmed.

Structured decisions occur and are *carried out mainly at lower level management.*

### Example:

Production manager from PT. Mandiri always conducts routine activities at *the beginning of each month by purchasing raw materials for supplies*

## 5. Programmed/ Structured Decisions (cont')

### Characteristics of Programmed / Structured Decisions:

- 1) Decision making *using procedures*
- 2) *Save time and thoroughly*
- 3) *Basic analysis* of numbers, formulas and certain steps
- 4) If the information *data is the same, the decision is the same.*

## TYPES OF DECISION

### 6. Unprogrammed / Unstructured Decisions:

- 1) Decisions that are *not taken repeatedly or always happen*
- 2) This decision occurs at *the top level of management*
- 3) Information for decision making is *unstructured, not easy to obtain and not easily available, and usually comes from the outside environment*

## 6. Unprogrammed / Unstructured Decisions (cont)

### Characteristics of unprogrammed decisions:

- Decision making *can not use the program*
- *Less time saving*
- Basic experience, abilities, personal considerations are *not very relevant*
- If two leaders solve *the same problem, it is not necessarily the same decision.*

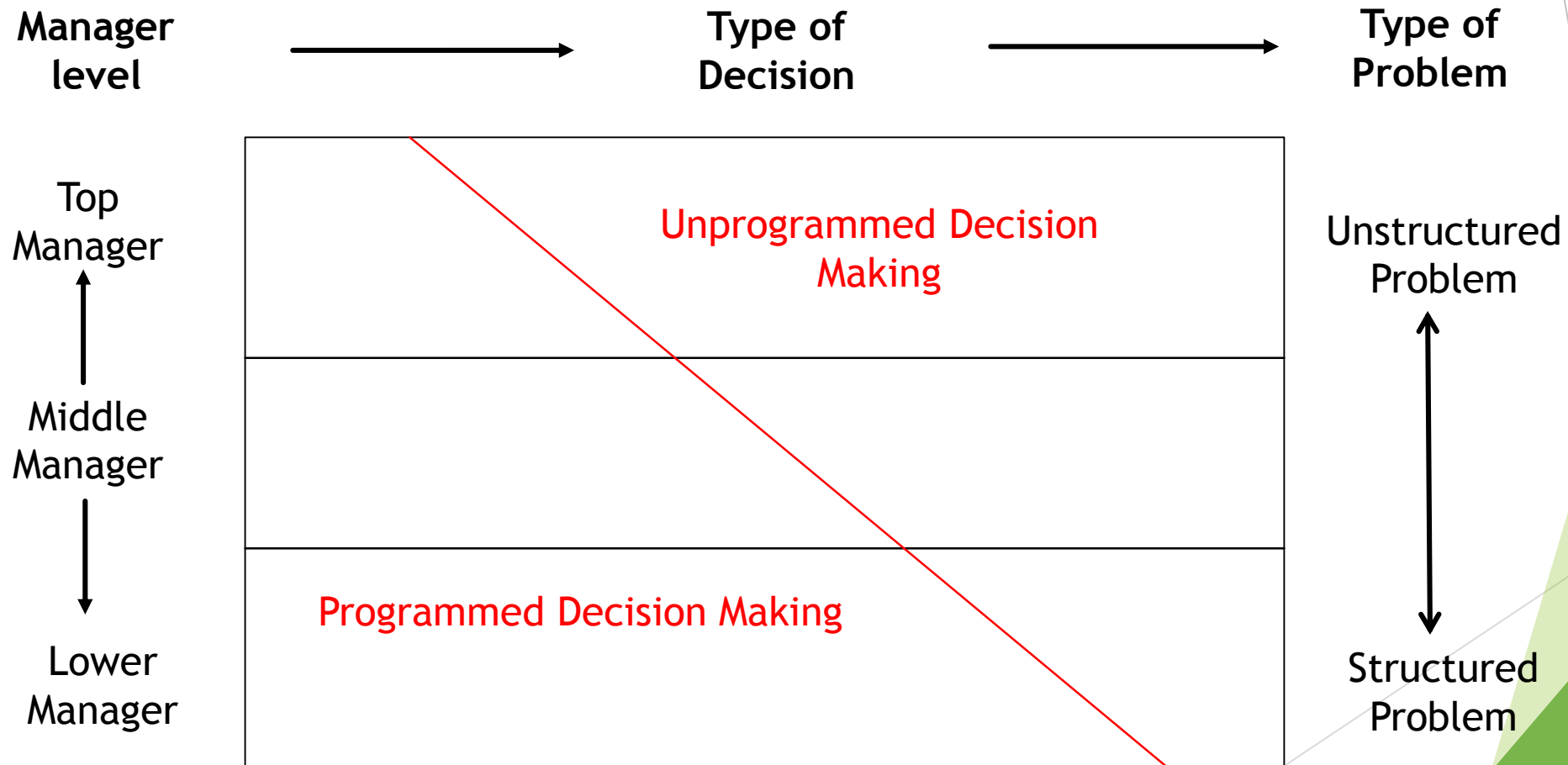
## 6. Unprogrammed / Unstructured Decisions (cont)

### Examples of Unprogrammed decisions:

- Pak Bonang is a President Director of PT. Putri Mega. He must always be able to make decisions quickly for the survival of the company
- The decision he makes is *based on market information that he always monitors and other information that he knows*. An example is the stock price that is always changing
- He must be able *to adjust the company's finances* so that the company's stock price on the stock exchange can *always be stable*



# Problem, Level Manager in Decision Making



## 7. Emotional Decision:

Making decisions based on emotions

The characteristics:

- Decisions *only use feelings*
- *Not trying to find alternative solutions* to the problem
- Generally *based on life experience*
- Taking a solution that has been *considered good*

## 8. Rational Decisions:

Is decision making *based on objective information and logical processes*

The characteristics:

- The process is *consistent with tested patterns*
- Use *alternatives*
- Conduct *alternative assessments and calculations*
- Look for *optimal alternative choices*

# Making process of Rational Decisions

## 1) *Orientation on organizational goals*

Organizational goals are the main basis for problem analysis, identification and analysis of alternatives

## 2) *Clarity of the problem*

Problems can be analyzed and clearly defined based on objective information

## 3) *Creative and innovative decision making*

- ✓ With creative alternatives can be found, and choose the maximum
- ✓ With innovation the implementation of decisions will be better

## Making process of Rational Decisions (cont')

4) *Alternative choices are made using criteria and weighting criteria*

- Create the criteria and weight for each alternative
- Mathematical calculations are made for alternative ranking

5) *Choose the alternative with the highest value to reach the goal*

- The highest alternative value is selected
- Can be implemented and achieved

# TYPE OF BUSINESS DECISIONS

## 1. Decision to Resolve Problems (Problem Solving Decision)

This decision making aims to resolve problems that occur

### Example :

When an unpaid consumer bill occurs, a decision must be taken immediately to resolve the issue

## 2. Decisions based on Intuitive Decision

This decision is taken based on one's feelings or intuition, usually influenced by the knowledge and experience possessed

## TYPE OF BUSINESS DECISIONS (cont')

### 3. Decision to Resolve Conflict

This decision was taken with the aim so that conflicts arising did not lead to dispute and did not have a negative impact on group efforts.

### 4. Strategic Decision

This decision is taken with the aim that a business can solve conflicts that arise at any time

## TYPE OF BUSINESS DECISIONS (cont')

### 5. Creative Decisions

If a problem often occurs both in daily life and in business activities, it is necessary to make a decision that is complete, creative and innovative so that the problem does not happen again



## TYPE OF BUSINESS DECISIONS (cont')

### 6. There are no decisions (Silent Decision)

By not taking steps or actions, and instead choosing to be silent *you have actually made a decision* and this type of decision is called a silent decision.

Usually this decision is taken because it is motivated by:

- a) Waiting* for what will happen.
- b) See the reaction.*
- c) Do not want to go with the flow or emotion that arises.*
- d) Let that happen*

