

Leadership Development Meeting-9 SM III 2019-2020



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THE UNDERSTANDING AND THE ESSENCE OF DECISION MAKING

Students can understand and know the essence of decision making

Meeting-9 Semester-3/Odd
Year: 2019-2020

The Leader's Main Function establishes:

- 1) Vision**
- 2) Mission**
- 3) Strategy**
- 4) The purpose of the social system**
- 5) Make a decision to realize the 4 things above**

The higher the position of leader, the more tasks in making decisions

THE MEANING OF DECISION

Meaning of Decision according to KBBI (Kamus Besar Bahasa Indonesia):

Decision means the **result of termination** that has been determined or considered; **the last attitude or step** to take; **conclusions** about opinions; and **examination results** (about the exam).

THE MEANING OF DECISION

According to William R Dill:

Decision is **a choice** among several alternatives/ possibilities

THE MEANING OF DECISION

According to Ralph C. Davis (1951) :

“...decision is *a definite determination of a question*. It has to do with *answers to questions* as what should be done, and others that were discussed in connection with planning. They concern a proposed action of a significant **deviation from the plan** underlying a current action. The right decision is basically **the right to plan**.

THE MEANING OF DECISION

Highlights from the definition of Ralph C. Davis (1951):

- That decision is *the answer to the question*
- The decision *answers what must be implemented* and what is discussed in relation to planning.
- The decision was *an action on the deviation of plan*
- A good decision becomes *the basis of a good plan.*

THE MEANING OF DECISION

Conclusion:

Decision is *a thought process* that sets *a choice between alternative choices* to *solve a problem*

DECISION MAKING

According to William R. Dill :

“.. a process in which *choices* are made to change (or leave unchanged) existing condition, to select a course of action most appropriate to achieving a desired objective, and *to minimize risks, uncertainty, and resource expenditures* in pursuing the objective.”

(William R Dill 1972 : 93-94)

DECISION MAKING

According to Siagian (1996):

- The essence of decision making is *a systematic approach to the nature/ essence of a problem, gathering facts and data.*
- A careful determination of *the alternatives faced* and *taking action* according to the calculation is the most appropriate action.

DECISION MAKING

Decision making is:

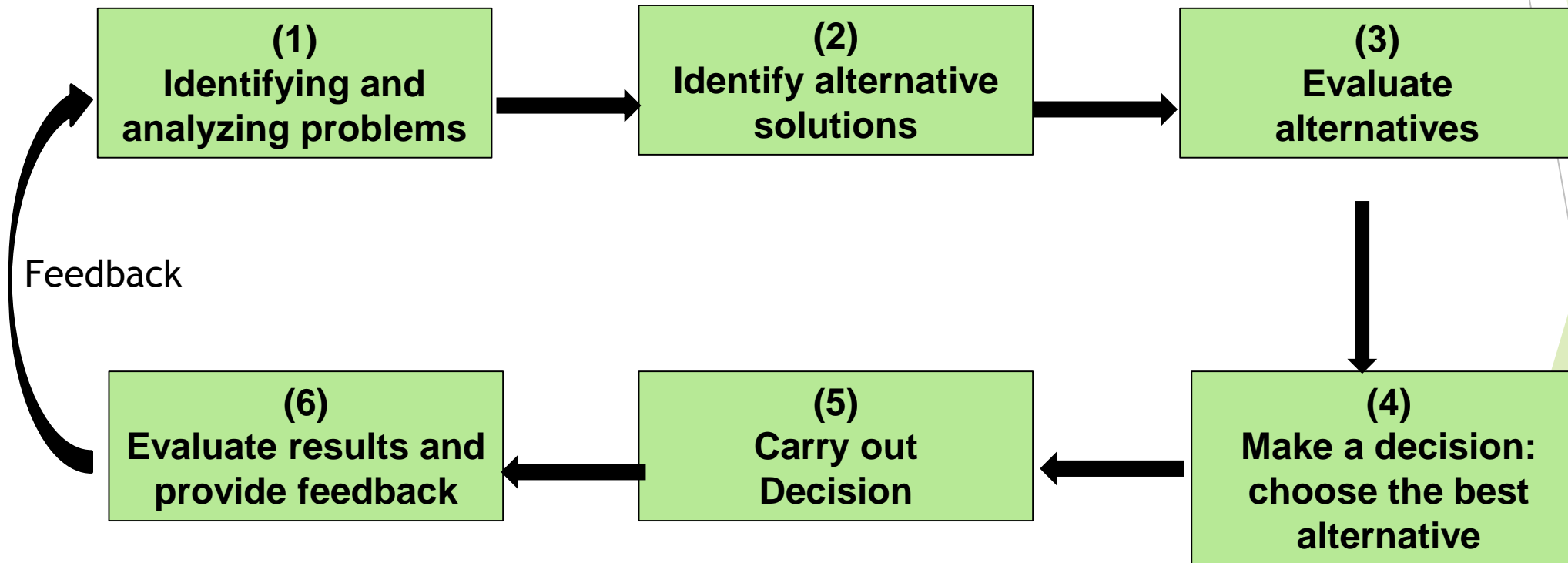
- Something *systematic approach* to the nature of a problem,
- Collection of *facts and data*,
- A mature determination of *the alternatives faced*,
- *Taking the action that according to the calculation* is the most appropriate action.

DECISION MAKING

Gerge R Terry (1960) :

“ ... Decision making can be defined as *the selection of one behavior alternative* from *two or more possible alternatives..*”

DECISION MAKING MODEL



Types of problems:

- 1) Structured problems → *have ever* happened before
- 2) **Unstructured problems** → *have never* happened
- 3) Critical problems → require *an immediate decision*
- 4) **Non-critical problems** → *ordinary decisions* without time pressure
- 5) Problems have an opportunity → if a good decision will have *a positive effect/ profit*
- 6) **Problems are risky** → if the decision is not good, *cause negative effects/ losses*

This understanding contains five essential things, namely:

- 1) In the decision making process *nothing happens by accident*
- 2) Decision making *cannot be done "recklessly/careless"* because the approach to decision making must be based on organizational capability, available manpower, and environmental situations
- 3) That before a data problem is solved properly, *the essence of the problem must be clearly known;*

UNDERSTANDING OF DECISION MAKING

- 4) Problem solving *cannot be done through “delusion/ phantasy/ daydream”* or by composing based on the data that has been obtained
- 5) A good decision is a decision that has been *chosen from various alternatives* that exist after careful analysis

THEORY OF DECISION MAKING

Asta Qauliyah (2005) :

divides three decision-making theories that are considered the most frequently discussed in various libraries:

- 1) Comprehensive rational theory**
- 2) Incremental theory, and**
- 3) Integrated observation theory/ Mixed Scanning Theory**

THEORY OF DECISION MAKING

1. Comprehensive Rational Theory

The main elements of this theory can be stated as follows:

- 1) *Certain problems are distinguished from other problems* or they are assessed as problems that can be compared with each other.
- 2) The goals, values, or targets stated by the decision maker are *very clear and can be ranked according to their importance*
- 3) Various alternatives to solve the problem *are examined carefully*

THEORY OF DECISION MAKING

- 4) The consequences (costs and benefits) caused by each alternative chosen *to be investigated*.
- 5) Each alternative and the consequences *can be compared with other alternatives*.
- 6) The decision maker *will choose alternatives and their consequences that can maximize the achievement of the goals, values or objectives*.

THEORY OF DECISION MAKING

- ✓ Comprehensive rational theory *has received much criticism*, and the sharpest criticism comes from an expert in Economics and Mathematics **Charles Lindblom (1965, 1964, 1959)**.
- ✓ Lindblom expressly states that *the decision makers actually do not/ never deal with concrete problems and clearly formulated*

THEORY OF DECISION MAKING

2. Incremental Theory

- Reflecting a decision-making theory *that avoids many problems that must be considered* (as in comprehensive rational theory)
- It is a theory that *is more describing the way taken by government officials in making daily decisions*

THEORY OF DECISION MAKING

The main points of this incremental theory can be described as follows:

- 1) Problems are *seen as interrelated things, not as separate things*
- 2) Decision makers *only consider a number of alternatives that are directly related to the subject matter* and these alternatives are only seen to be incrementally different
- 3) For each alternative only *a small number of basic effects will be evaluated*
- 4) The problem *will be defined regularly*

THEORY OF DECISION MAKING

5. There *is no right decision or solution for every problem*. Various analyzes will eventually *agree on certain decisions even though those decisions are not the most appropriate*
6. Essentially *it is minor repairs* and this is more directed *to correct an imperfections*
7. Decisions and policies are essentially *products of mutual give and take and mutual trust* between the various parties involved in the decision process

3. Mixed Scanning Theory:

- Proponents of this theory are organizational sociologists **Amitai Etzioni**.
- Etzioni *agreed with the critics* of incremental theorists who were directed at comprehensive rational theories, but he *also pointed out that there were some weaknesses to incremental theory*
- For example, decisions made by decision makers adhering to the incremental model *will better represent or reflect the interests of strong and established groups*, while the interests of those who are weak and who are politically unable to organize their interests are *practically ignored*.

THEORY OF 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.
- It can also be interpreted if the decision: is seen as the final result (out put), then *the decision is the final result of a problem process*
- Taking a decision means *making choices from certain alternatives*

DECISION MAKING TECHNIQUE

Some techniques used in decision making:

1. Decision analysis

Identify *what needs to be done*, *develop specific criteria* to achieve the objectives, *evaluate available alternatives related to the criteria* and *identify the risks inherent* in the decision.

DECISION MAKING TECHNIQUE (Cont')

2. Decision in uncertainty

Decision making in uncertainty indicates a decision atmosphere where *the probability of potential outcomes is unknown/ not estimated*.

In an atmosphere of uncertainty decision makers are aware of alternative results in various events, but *decision makers cannot determine the probability of events*.

DECISION MAKING STYLE

In general, everyone is different in two dimensions:

- 1) As a logical and rational person. *They process information sequentially.*
- 2) Instead, as an intuitive and creative person, *they see a thing as a whole (comprehensive)*

DECISION MAKING STYLE

From these two dimensions four style of decision making will be formed.

1. Command style

Command styles make *decisions quickly*, and they focus on the short term.

2. Analytical style

Has a much greater tolerance for uncertainty than command decision makers. They make decision *carefully with the ability to adapt or overcome new situations*

DECISION MAKING STYLE

3. Conceptual style

The focus is *long term*, and they are very good at finding creative solutions to a problem.

4. Behavioral style

They pay attention *to the achievements of colleagues and subordinates*. They are *easy to accept advice* from others and rely heavily on meetings for communication

(Stephen P. Robbins, 2002: 93-100).

DECISION MAKING VALUE

Regarding the criteria for decision making, **Anderson** explained the values that are likely to guide the behavior of decision makers can be grouped into four categories, namely:

- 1) **Personal values,**
- 2) **Political values,**
- 3) **Organizational Values, and**
- 4) **Wisdom Values**

DECISION MAKING VALUE (cont')

1. Personal values

The desire to protect or fulfill *welfare or physical needs or financial needs*. Self-reputation or historical position may also be used by decision makers as a criterion in decision making.

2. Political values

The decision maker may make an assessment of the policy alternatives he chooses *in terms of the importance of the alternative to his political party or to the client groups* of the unit or organization he leads

3. Organizational Values

Decision makers, especially bureaucrats (civil or military), may make decisions influenced by *the values of the organization* in which they are involved. They use various forms of *rewards and sanctions* in an effort to force their members *to accept*, and *act in accordance with the values* outlined by the organization.

4. Wisdom Values

It *may not be concluded* that these political decision makers are only influenced by considerations for political, organizational or personal gain.

DECISION MAKING VALUE (cont')

In making a decision:

- 1) There are people who are *happy with risk* and
- 2) There are people who are *not happy with/ avoid risk*
- 3) There are also people who *are said to be neutral about risk*

DECISION MAKING VALUE (cont')

People who are happy with risk will *be different in evaluating a set of alternatives or choosing an alternative* with those who are not happy with risk

- In investment decisions, for example, *people who are happy with risk will choose investments that provide large returns even if the risk is also great.*
- Conversely, *people who are not happy with risk will choose investment alternatives that have the smallest risk, but the results are also low.*
- Neil Niven (2002) explains applicatively *that if a decision has a high risk, people will be more likely to follow rational and mathematical rules*

Types of Decision Making

Decision types are classified in two categories, namely:

- 1) Planned/ programmed decisions**
- 2) Unplanned/ un-programmed decisions.**

1. Planned / Programmed Decisions

- Programmed decisions are *decisions that are routine and made repeatedly*, so *certain procedures can be developed*.
- Programmed decisions occur *if the problem is well structured and people know how to achieve it*.
- This problem is *generally rather simple and the solution is relatively easy*.
- In higher education, programmed decisions, for example, decisions about PKM (Student Activity Program) guidance, the event of the Final Semester Examination, the implementation of graduations, etc.

2. Unplanned / Un-programmed Decisions

- It is *a new, unstructured and unpredictable decision*.
- *Certain procedures cannot be developed* to deal with a problem, because the *problem has never happened* or *because the problem is very complex and important*.
- *Not well structured*, because the current conditions are not clear, the method to achieve the desired results is unknown, or the inequality about the desired results

Decision Making Steps

There are six steps in “the rational decision making model” quoted from Stephen P. Robbins (2002: 90).

1. Define the problem

- Many bad decisions start with *the carelessness of a decision maker* in assessing a problem or misidentifying a problem.
- A problem arises when *there is a mismatch* between reality and desired conditions.

2. Identify decision criteria

This is needed in solving problems. In this step, the decision makers *determine what is relevant in decision making*

Decision Making Steps (cont')

3. Weigh the criteria

Give the right priority in decisions because the criteria identified do not always have the same weight.

4. Produce alternatives

Once alternatives have been produced, decision making must *critically analyze and evaluate* each of these alternatives.

5. Assess all alternatives on each criterion

The *strengths and weaknesses* of each alternative are taken into consideration after the alternatives are compared with the criteria and weighed as specified in the second and third steps above.

6. Calculate the optimal decision

This is done by evaluating each alternative to the criteria that have been considered and *choosing the alternative with the highest score.*

Decision Making Steps

According to **Richard I. Levin** there are 6 stages of decision making:

- 1) Observation stage,
- 2) Analysis phase
- 3) Recognition of the problem,
- 4) Model development,
- 5) Select the appropriate input data,
- 6) Formulating and testing, solving.

