

# EFFECTIVE DECISION-MAKING AND ORGANIZATIONAL GOAL ACHIEVEMENT IN A DEPRESSED ECONOMY

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## ABSTRACT

*Effective decision-making occupies key position in the life of an organization be it a public establishment or a private corporate entity. On daily basis, executives and leaders make multiplicity of decisions involving the exchange of information, data review, generation of new ideas, evaluation of alternative courses of action and implementation of policies. This article examines how effective decision-making impacts organizational goal achievement especially in a depressed economy. Descriptive research method was adopted in the article. Instrument used to gather data was questionnaire designed on 5-point scale ranging from strongly agree to strongly disagree. Tables and percentages were used to analyze the data generated from the questionnaires. Chi-square inferential statistical tool was used to test the hypothesis of the study stated in null terms as follows: "cutting-edge knowledge of information technology and relevant data availability are not essential ingredients of effective decision-making for the achievement of organizational goals" The result of the chi-square test showed that chi-square calculated value ( $X^2$  cal 36.5) exceeded the table value of the chi-square ( $X^2$  tab 9.49). The result led to the rejection of the null hypothesis ( $H_0$ ) and the acceptance of the Alternative hypothesis ( $H_1$ ) thereby lending credence to the fact that effective decision-making with cutting-edge knowledge of modern information technology and relevant data availability lead to the achievement of desired organizational goals. This article is of the view that the chief executive and top management of an enterprise must seek broad spectrum of input from both inside and outside sources to make good decisions that would move the organization forward. Information from customers, suppliers and employees are instrumental to successful decision-making.*

**Key words:** *Decision-making, technology, executive, information.*

## INTRODUCTION

The word “decision-making” conjures up the image of choice among alternative courses of action in a way appropriate to the demand of the situation. The ability of the decision maker to choose the best option that is capable of achieving the set objective or solving the problem demands structured decision guidelines. These guidelines put together are referred to as decision-making strategies.

The purpose of this article is to outline the most effective decision-making strategies which managers and leaders should follow in order to achieve the set goals of an organization. These action road-maps designed to minimize costs and maximize gains while, at the same time leading the executive decision maker to the desired destination.

High quality and speedy decision-making enhance the performance of an organization. The Chief Executive Officer (CEO) must not seek to make good decision alone in an organization. He must also groom the decision-making abilities of his team, facilitate decisions that support the corporate strategy, and build buy-in for final decisions. Below are 9 pertinent steps to be followed by decision-making executives in modern organizations to improve their day-to-day decision-making:

**1. Do not make every decision:** Only inexperienced CEOs take on every decision no matter how small. CEOs need to make decisions on strategy, resource allocation, hiring and firing that significantly impact the business. Trust your people to assist in decision-making. Do not encourage them to dump decision on you if they have the expertise and authority to handle it.

**2. Make your people take a position:** When executives want to discuss a decision with you, make them propose a well-considered position. If you have hired well, your people are smarter than you in their areas of expertise. To make the best decision possible, the ideas and expertise of your smart executives will count a lot.

**3. Act Swiftly:** CEOs need to get comfortable making decisions sometimes with

incomplete information. Most CEOs operate with limited data on internal business operations most of the time. To wait for all the information to be complete before making a decision risks losing valuable business opportunities.

**4. Change bad decisions quickly:** Admitting failure is difficult but refusing to change bad decisions is dangerous. To maintain credibility and efficacy, reverse bad decisions as quickly as possible before it is too late. Patching up a bad decision is like patching a broken pot. The pot will continue to leak for a long time thereby wasting organizational resources.

**5. Assign a devil's advocate:** Some decisions, such as a major acquisition, are almost impossible to reverse and therefore carry tremendous risk. Careful analysis and thorough discussion are critical. Assign a senior person to play the devil's advocate, testing conclusions and identifying any weaknesses. That will significantly aid decision-making

**6. Communicate the correct facts timely:** Rumours and distortions get started when people hear about your decisions second-hand. Communicate the details about your significant decisions directly to your employees. Your smart and talented people also need to know the basic reasoning behind each decision to facilitate comprehension, support and buy-in. This will also help your team to make better future decisions.

**7. Support your people unless they are clearly wrong:** If you require your people to propose a solution and you agree with it, give them credit if things go well and back them if things go wrong. However, sometimes, you will have to make a tough choice against the consensus. It is important to explain why you are overruling everyone.

**8. Do not overrule your people often:** If your team is applying the company's strategy,

vision and goals when making decisions, then they will probably agree on the right decision. However, if you often find yourself at odds with your team, then there is a problem. Frequently overruling people is not desirable, while achieving consensus is not always possible. Balancing between these two extremes is critical to success. At times you must make unilateral decision and move on. Only when the decision is not time sensitive or critical that you will try to build consensus.

**9. Conduct an official postmortem:** The best way to know if a decision was the right one is to conduct an official postmortem. Strategic decisions should be re-examined through the regular review of key metrics and overall performance. Without a formal postmortem process, it is easy to avoid re-examining the issues or learning anything from the decision. With a formal postmortem, the organization can grow in its ability to make decisions.

It is impossible to have a perfect decision-making record but following these 9 steps can facilitate better decisions and dramatically increase the productivity of your organization. Having a process for dealing with decisions at all levels will help everyone improve on his or her decision-making abilities and better support the organization's goals as a result.

## **CONCEPTUAL CLARIFICATION**

### **The History of Decision-Making**

Sometime in the middle of the 18th century, Chester Bernard, a retired telephone executive and author of "The Functions of the Executive" imported the term "decision-making" from the lexicon of public administration into the business world. There it began to replace narrower descriptions such as "resource allocation" and "policy making" (Buchanan, 2006).

The introduction of that phrase changed how managers thought about what they did and spurred a new sense of action and desire for conclusiveness on the part of managers. 'Decision' implies the end of deliberation and the beginning of action.

Bernard and such later theorists as James March, Herbert Simon, and Henry Mintzberg laid the foundation for the study of managerial decision making. The study of decision making

consequently is an intellectual discipline bringing together mathematics, sociology, psychology, economics, and political science. Philosophers ponder what our decisions say about ourselves and about our values. Historians dissect the choices leaders make at critical junctures. Research into risk and organizational behavior springs from a more practical desire aimed at assisting managers to achieve better outcomes. While a good decision does not guarantee a good outcome, such pragmatism do paid off. A growing sophistication with managing risk, better understanding of human behavior, and advances in technology that support cognitive processes have improved decision making in many situations (Albert, 2006).

The history of decision-making strategies is not one of unalloyed progress towards perfect rationalism. Over the years, we have steadily been coming to terms with constraints – both contextual and psychological – on our ability to make optimal choices and better decisions. Some decision authorities are of the opinion that complex circumstances, limited time, and inadequate mental computational power reduce decision makers to a state of “bounded rationality.” Others argue that people would make economically rational decisions if only they could gather enough information;

The Administrative Behaviour theory of decision-making as put forward by Herbert A. Simon (2001), centred on the study of decision-making process in administrative organizations. The author was of the opinion that decision-making is the heart of administration and that the vocabulary of administrative theory must be derived from the logic and psychology of human choice. He attempted to describe administrative organizations in a way that provides the basis for scientific analysis. The author rejected the notion of an omniscient “economic man” capable of making decisions that can bring the greatest benefit possible. He rather substituted the notion with the idea of “administrative man” who optimizes rather than maximizes his decision effort. The author argued that, there is no one way of managing or one best decision. He was strongly of the view that the decision we make is just good enough and not the best because of subjective human elements intervening in decision-making process.

The author therefore concluded that the decision we make is “satisfying” that is good enough rather than “maximizing” that is the best decision.

This is buttressed by the concept of “Bounded Rationality.” Bounded rationality is the idea that rationality of individuals is limited by the information available to them at the time of decision-making – the cognitive limitations of their mind. Decision makers (irrespective of their level of

intelligence) have to work under three unavoidable constraints; (a) limited information available to the decision maker, (b) limited capacity of the human mind to evaluate situations, (c) limited amount of time available for making decisions.

Mansfield (1999) carried out a seminal work on the behavioural perspective on the theory of the firm which explained the systemic-anarchic of organizational decision-making known as Garbage Can Model. The scope of his work was broad but focused on understanding how decisions happen in individuals, groups, organizations, companies and society.

Henry Mintzberg in his ground-breaking article titled: The Nature of Managerial work (1973) went on to set the stark reality of what managers do. He was of the opinion that pressure of the job drives the manager into taking too much work load, encouraging interruptions, responding quickly to every stimulus, seeking the tangible and avoiding the abstract, making decisions in small increments, and doing everything abruptly. Mintzberg proposed six characteristics of managerial work. These characteristics apply to all management jobs, from supervisor to chief executive. The six characteristics are:

1. The manager's job is a mixture of regular, programmed jobs and unprogrammed tasks.
2. A manager is both a generalist and a specialist.
3. Managers rely on information from all sources but show a preference for that which is orally transmitted.
4. Managerial work is made up of activities that are characterized by brevity, variety and fragmentation.
5. Management work is more of an art than a science and it is reliant on intuitive processes.
6. Management work is becoming more complex.

## **THEORETICAL FRAMEWORK**

Decisions made by individuals and organizations can be broken into eight different types

(Kreitner, 2007). Each type tries to depict the nature, importance or duration of each decision.

These eight types of decision include: Programmed decision, non-programmed decision, minor decision, major decision, routine decision, strategic decision, individual decision and group decision.

## **Using Game Theory to Improve Decision making**

Increasing number of executives are today utilizing the science of game theory to help them make high risk/high reward strategic decisions in highly competitive markets and situations (Buchanan, 2006). Modern game theory has been around for over fifty years, and has demonstrated the ability to generate the ideal strategic choice in a variety of situations and problems.

## **Colleague-Role Approach to Executive Decision Making**

Executive decision making in organizations – the making of decisions which have consequences for subsequent organizational activities – is seldom done by individual members of the organization acting alone. People work together in project-teams or task-forces, coordinate their efforts with broader purposes of the organization and exchange support with their colleagues. Despite the obvious importance of such interactions between people in organizations in the process of making executive decisions, they have surprisingly received little direct study. Reference is usually made of the existence of “informal organization” and its importance, but they offer little insight (by way of making systematic statements) as to how these interactions work to aid decision making (Hammond, 2006).

## **METHODOLOGY**

The study population consists of 20 corporate organizations operating in Lagos. Four senior executives were chosen through simple random sampling from each organization, making a total

of 80 respondents which serve as the sample size. Descriptive research method was adopted for the study. Descriptive research is based on information gathered through questionnaires, interviews, inventories, rating scales and observation. The instrument used for gathering data was questionnaire designed on 5-point scale ranging from strongly agree to strongly disagree. The content validity of the instrument was established by giving a set of the draft questionnaire to four senior executives involved in daily decision-making in their organizations and four questionnaires to other researchers in the specific area of executive decision-making. These executives reviewed the content of the instrument and confirmed that the items were suitable for gathering relevant data for the research study.

**Data Analysis:** A total of 80 questionnaires were administered and the researcher followed-up closely with the busy executives and succeeded in obtaining the return of all the 80 questionnaires correctly completed. The questionnaire was divided into Sections A and B. Section A sought demographic data of the respondents. Section B elicited responses on key metrics that drive successful executive decision-making in an organization. Tables and percentages were used to analyze the data extracted from the completed questionnaires. Chi-square inferential statistical tool was used to test the hypothesis of the study which was stated, in null terms as follows: “cutting-edge knowledge of information technology is not the key metric that drives successful executive decision-making” In the chi-square test, it was found that, the calculated value of the chi-square ( $X^2$  cal 36.5) exceeded the table value of the chi-square ( $X^2$  tab 9.49). Thus, the Null hypothesis ( $H_0$ ) was rejected and the Alternative hypothesis ( $H_1$ ) was accepted. The test established the fact that only executives who have cutting-edge knowledge of modern technology can make successful decisions.

**Responses of the 80 Executives on the questionnaire)**

RESPONSE VARIABLES	FREQUENCY	PERCENTAGES (%)
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Strongly Agreed	18	22.5%
Agreed	36	45%
Undecided	6	7.5%
Disagreed	12	15%
Strongly Disagreed	8	10%
<b>TOTAL</b>	<b>80</b>	<b>100%</b>

$$X^2 = \text{Summation } \frac{(F_o - F_e)^2}{F_e}$$

Where  $X^2$  = Chi-square value at 5% level of significance  
 $F_o$  = observed frequency  
 $F_e$  = expected frequency  
Summation = Total sum of a statistical/mathematical set

**Chi-Square computation using the above questionnaire response data)**

Variables	F <sub>o</sub>	F <sub>e</sub>	(F <sub>o</sub> - F <sub>e</sub> )	(F <sub>o</sub> - F <sub>e</sub> ) <sup>2</sup>	$\frac{(F_o - F_e)^2}{F_e}$
Strongly Agreed	18	16	2	4	0.25
Agreed	36	16	20	400	25
Undecided	6	16	- 10	100	6.25
Disagreed	12	16	- 4	16	1.0
Strongly Disagreed	8	16	- 8	64	4.0
<b>TOTAL</b>	<b>80</b>				<b>36.5</b>

$$F_e = 80/5 = 16$$

$$X^2 \text{ table value at 5\% level of significance} = 9.49$$

$$\text{Degree of Freedom} = 4$$

$$X^2 \text{ Table value of chi-square} = 9.49$$

$$X^2 \text{ Calculated value of chi-square} = 36.5$$

**LITERATURE REVIEW**

An in-depth research into the reasons behind executive success and failure revealed just how consistently decision-making styles change over the course of successful executives' career.

Chandra, 2001, observed that decision styles differ in two fundamental ways; how

information is used and how options are created. When it comes to the use of information, some people mull over realms of data before they can make any decision. In the management literature such people are called “maximizers.” Maximizers cannot rest until they are certain that they have found the very best answer. The result is a well-informed decision, but it may come at a cost in terms of time and efficiency. Other managers just want the key facts – they are apt to identify hypotheses and then test them as they go. Here, the literature borrows a term from behavioural economist Herbert Simon: “Satisficers” are ready to act as soon as they have enough information to satisfy their requirements (Chandra, 2010).

### **Decision-Making Strategies**

Decision-making is the process of identifying and choosing among alternative courses of action in a manner appropriate to the demands of the situation (Hammond, 2006). A decision is a commitment to action. Every decision involves risk. It is the commitment of present resources to an uncertain future. Experienced executives diagnose road-blocks to effective decision-making and develop strategies to overcome them. Effective decision-making demands precise and accurate strategies that would produce maximum success at all times (Ammeh, 2013).

When making critical business decisions, or contemplating strategic initiatives, the appropriate path to follow is rarely certain. The investment of valuable resources such as, people and funds are usually considered. Uncertainty and ambiguity are continuous threats that present risks to the business and its shareholders. Seeing clearly through the haze of options can be immobilizing when the issues are complex and the stakes are high. Decision strategies bring clarity to the confusion. Some strategies that have guided executives in successful decision-making include: Decision strategy for addressing complex problems, decision strategy for addressing well-

structured problems, bargaining as a decision-making strategy, incremental strategies, brainstorming strategy, nominal grouping strategy, creative thinking strategy, managing emotions and outbursts

### **Challenges Facing Decision Makers**

Decision-making has never been easy. It is increasingly challenging, especially, to managers in the 21<sup>st</sup> century business environment. In an era of revolutionary changes in government and the business world, the pace of decision making has assumed considerable speed and precision.

Today's decision maker faces a host of tough challenges in addition to having to cope with high speed demanded by decision making in digital age. Some of these challenges include: demand for making complex streams of decisions almost at the same time, the problem of making decisions on the face of uncertainties, and the making of complex decisions under perceptual decision traps (Kreitner, 2007).

Above all, today's decision-making context is not so neat and tidy, but full of complexities and problems. A knowledge of the following factors contributing to decision complexities can help decision makers successfully navigate through difficult decision-making terrains:

- (a) **Multiple criteria:** Typically, a decision must satisfy a number of criteria. These criteria include representing the interest of different groups, identifying stakeholders and balancing their conflicting interests and representing the interest of customers to retain their patronage. The issue of managing multiple interfaces of conflicting demands and interests is a nightmare for today's decision makers (Hammond, 2006).
- (b) **Dealing with Intangibles:** Intangible factors such as customer goodwill, employee morale, and increasing bureaucracy often determine decision alternatives. Because these factors are intangible, they demand careful thought, tact and diplomacy to navigate through them successfully.
- (c) **Long-term Implications:** Major decisions generally have ripple effect, with one decision taken today and then creating the need for subsequent decision tomorrow. For

example, if an organization takes a decision to open a bank account with a view to obtaining future credit facilities, chances are that, a meeting has to be called again at a later date to decide on the choice of bank after the Financial Controller would have obtained full information on the facilities obtainable from different accessible banks.

- (d) **Inter-disciplinary Input:** Decision complexity is greatly increased when specialists such as lawyers, customer advocates, tax advisers, accountants, engineers, and production and marketing experts are to be part of the decision-making team. The views and fears of different experts have to be weighed and analyzed before a decision is taken. It is a bit difficult to harmonize the views and expectations of experts in different fields into one decision-making opinion. Some executives question the idea of bringing-in many experts from different fields to make a decision since too many cooks could spoil the broth.
- (e) **Pooled Decision-Making:** Rarely is a single manager totally responsible for the entire decision process. This is why we have board of directors, management team, and various committees to look at specific issues in an organization. This can be explained in the common saying that “two good heads are better than one.” The various groups would meet, brainstorm and share best practices aimed at producing better outcome.
- (f) **Risk and Uncertainty:** Along with every decision alternative is the chance that it may fail in some way. Poor choices can prove costly. Yet the right decision can open up new vista of opportunities.

Moreover, Managers of business organizations today make decisions under two conditions. These are; conditions of certainty and uncertainty.

A condition of certainty exists when there is no doubt about the factual basis of a particular decision, and its outcome can be predicted with a fair degree of accuracy.

The concept of certainty is useful mainly as a theoretical anchor point on a continuum of likely and unlikely events. In a world filled with uncertainties, certainty can only be relative rather than absolute.

Condition of uncertainty exists when little or no reliable factual information is available.

Decision-making under conditions of uncertainty is a great headache for managers.

A manager is forced to decide on some future event whose outcome cannot be predicted.

- (g) **Frankenstein Monster Effect in Decision-Making:** The law of unintended consequences, according to experts on the subject states that “you cannot always predict

the results of purposeful action.” Although, unintended consequences can be positive or negative, it is the negative ones that are really troublesome and they have been called the “Frankenstein Monster Effect.” This is a situation where an invention goes out of control to harm the inventor. Some decision-makers give little or no consideration to the full range of likely consequences of their decisions. Although, unintended consequences cannot be altogether eliminated in today’s complex world of decision-making, they can be moderated, to some extent, through creative thinking and careful consideration when making important decisions (Kreitner, 2007).

### **Hidden Traps in Decision-making**

Before deciding on a course of action, experienced managers evaluate the situation confronting them. Unfortunately, some managers are cautious to a fault. They take costly steps to defend against unlikely outcomes. Other managers are over-confident, they under-estimate the range of potential outcomes. Yet many others are highly impressionable and, thus, allowing memorable events in the past to dictate their view of what might be possible now (Hammond, 2009).

Decision-making is the most important job of any executive. It is also the toughest and the riskiest. Bad decisions can damage a business and a career, sometimes irreparably. So where do bad decisions come from? In many cases, they can be traced back to the way the decisions were made. The alternatives may not have been clearly defined, the right information was not collected, the costs and benefits were not accurately weighed. But sometimes, the fault lies not in the decision-making process but rather in the mind of the decision maker. The way the human brain works can sabotage our decisions.

For a long time, researchers have been studying the way our minds function during decision-making. The revelation is that we use unconscious routines to cope with the complexity inherent in most decisions. These routines serve us well in most situations. In judging distance, for example, our minds frequently rely on unconscious routine that equates clarity with proximity.

The clearer an object appears, the closer we judge it to be. The fuzzier it appears, the farther away we assume it must lie. This simple mental shortcut helps us to make the continuous stream of distance judgments required to navigate the world (Hammond, 2006).

Yet, like most routines, it is not foolproof. On days that are hazier than normal, our eyes will tend to trick our minds into thinking that things are more distant than they actually are.

Because the resulting distortion poses few dangers for most of us, we can safely ignore it.

But for, say, airline pilots, the distortion, no matter how little, can be catastrophic. That is why pilots are trained to use objective measures of distance in addition to their vision to ensure precision at all times and to save human life.

Research has identified a whole series of such flaws in the way we think in making decisions.

Some are sensory misperceptions while others take the form of biases and yet many others appear simply as irrational anomalies in our thinking. What makes all these traps dangerous is their invisibility. Because they are embedded into our thinking process, we fail to recognize them – even as we fall right inside them.

For executives whose success hinges on the accuracy of day-to-day decisions they make, these psychological traps are especially dangerous. They can undermine everything from new product development to corporate survival plans. While executives cannot rid their minds of these ingrained flaws, they can follow the lead of airline pilots and learn to understand the traps and compensate for them. Some of the well-documented psychological traps that are particularly likely to undermine business decision making are examined below:

### **(1) Anchoring Trap**

Anchoring is a mental phenomenon which leads the mind to give disproportionate weight or consideration to the first information it received. In other words, the initial impression received

conditions (or anchors) subsequent thoughts and judgment. In business, one of the most common types of anchors is past event or trend. A marketer attempting to project the sales of a product for the coming year often begins by looking at the sales volume for the past years.

Those old figures become anchors on which the forecaster will base his judgment. This approach, while it may lead to a reasonably accurate estimate, tends to give too much weight to past events and not enough weight to other current factors. In situations characterized by rapid changes in the market place, historical anchors can lead to poor forecasts and misguided choices (Hammond, 2006).

## **(2) Status –Quo Trap**

We all like to believe that we make decisions rationally and objectively. But the fact is that, we all carry biases, and those biases influence the choices we make. Decision makers display, for example, a strong bias towards alternatives that alter the status quo, or novel changes that remove us from our present comfort zone.

On a more familiar level, you might have succumbed to this bias in your personal financial decisions. People, for example, inherit shares of stocks that they would never have bought themselves. Although, it would be a straightforward proposition to sell off those shares and put the money into a more profitable investment, but majority of people would not do that. They would prefer to live with the status quo and avoid taking action that would upset it.

“May be I will re-think the matter later,” they would say. But that “later” is usually never.

## **(3) Sunk-Cost Trap**

Another deep-seated bias in decision making is to make choice in a way that justifies or seek to correct past bad choice. For instance, we may have refused to sell a stock or a mutual fund at a loss, therefore foregoing other more attractive investments. Or we may have spent enormous resources in an effort to improve the performance of an employee whose hire was a big error in

the past thus wasting further resources on a bad investment. Our past wrong decision becomes what economists term “sunk-cost”. We know rationally that sunk-cost is irrelevant to the present decision, but nevertheless they prey on the minds of executives, leading them to make inappropriate decisions at the present. Why are people not easily able to free themselves from wrong past decisions? It is because they are unwilling to admit a mistake (Hammond, 2006). In business, a bad decision is often a very public matter, inviting blames and critical comments from colleagues and bosses. If you fire a poor performer whom you hired in the past, you are making a public admission of poor judgment. It seems psychologically safer for you to let him stay on, even though that choice compounds the error and inflicts more injury of loss to the organization.

The sunk-cost bias shows up with disturbing regularity in the banking sector, where it can have serious consequences. When a borrower’s business runs into trouble, a lender will often advance additional funds in the hope that the business will use that “bail-out” fund to recover. If the business recovers, that is a wise investment. But if, unfortunately, the business continues to limp, the whole effort will be tantamount to throwing good money after a bad one.

Sometimes, corporate culture reinforces the sunk cost trap. If the penalties for making a wrong decision that leads the organization to a loss is very serious, managers will be motivated to let failed projects linger on endlessly, in the vain hope that, some-day, the invisible hand of nature will transform them into success.

Executives should therefore recognize that, in an uncertain world where unforeseen events are common, good decisions can sometimes lead to bad outcomes. By acknowledging that some



good ideas may end up in failure, executives should be encouraged to admit mistakes and own up to their own errors in all circumstances in order to save unwarranted corporate costs (Hammond, 2006).

### **Concept of “Ugly Decision Problem” and “Nice Decision Problem”**

An organization does not just make decision into the thin air. Every decision is based on solving a particular problem in an organization. That problem could involve performance of a particular task or executing a project. Traditionally, a problem is an ugly situation or something that creates worry, inconvenience and discomfort to an individual or an organizations. An organization will, first of all, identify the problem, define it, and then generate alternative courses of action for solving the problem. Decision will then be made on the choice of the alternative that has the highest probability of solving the problem.

Latest research on decision making and problem solving led to the emergence of a new concept in decision-making and problem solving. This is the concept of “ugly decision problem” and “nice decision problem.” Ugly decision problem stands for a decision matter that creates, worry, inconvenience and trouble to the decision maker. On the other hand, a nice decision problem is one that does not create worry, inconvenience or trouble to the decision maker. They are elements of decision problems that give joy and satisfaction to the decision maker. The decision maker relaxes in his sofa chair happily while making the decision. Here is an example of a nice decision problem: Assuming you have a reasonable sum of money in your bank account and the problem you have now is how to invest this money wisely to create additional wealth. This is certainly a nice decision problem (Obi, 2014).

Decision-making remains one of the most important functions of an executive. The success or failure of a business organization depends, to a large extent, on the soundness and effectiveness of management decision making.

Decision making involves a choice from many available alternatives. To choose the best alternative requires careful identification and deliberate assessment of all the other options.

In a business organization, the best decision is that which improves profitability, widens market share, strengthens competitive position and adds other values to the organization.

A manager must constantly engage critical thinking and logical reasoning to enable him make right decisions at all times. If a manager is short of making right decisions in his day to day functions, the business will die. In the same vein, if a scholar in the education industry fails to publish journal articles and academic textbooks, such a scholar would perish without promotion and recognition (Obi, 2016).

Business executives make different types of decision in their job every day. Sometimes these decisions and other requests on them are complex and opposed to each other thus demanding a compelling experience in balancing act on the part of the executives. Some of the major decisions an executive makes on daily basis include; programmed and non-programmed decisions, major and minor decisions, and individual and group decisions.

Managers of organizations must guard against decision traps that can lead them into wrong decisions. The most common decision traps include; the anchor trap, the status quo trap and the sunk-cost trap. Wrong decisions must be avoided at all times because they give rise to loss of funds, waste of material resources, reduced earnings and inability to achieve set goals and objectives.

## **CONCLUSIONS**

Decision-making involves choice from a basket of alternatives. It is the process of identifying and choosing among alternative courses of action. A decision is a commitment to action. Every decision is risky. It is the commitment of present resources to an uncertain and unknown future. Experienced executives diagnose road-blocks to effective decision-making and develop strategies to overcome them. Effective decision-making demands precise and accurate strategies that would produce the desired results. :

We have strategic and non-strategic types of decision. Strategic decisions are those decision elements that determine the overall direction of an enterprise. Non-strategic decisions, on the other hand, are day-to-day minor operational decisions in an organization.

Effective decision-making demands precise and accurate strategies that would produce maximum success. Some of the strategies that can be used in decision-making include; bargaining, incremental or trial and error strategies, brainstorming, and nominal grouping.

There are also hidden traps in decision-making which should be avoided by every decision maker. They include framing, overconfidence, anchor trap, status-quo trap and sunk-cost trap.

Decision making has never been easy. It is especially challenging for today's managers. In an era of accelerating changes, the pace of decision making also has accelerated. In addition to having to cope with this acceleration, today's decision makers face a host of tough challenges.

These challenges include a situation where they have to make complex streams of decisions, and making decisions on the face of uncertainties.

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