

Essentials of Management

Chapter 5

Problem Solving and Decision Making

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Nonprogrammed versus Programmed Decisions

- Unique decisions are nonprogrammed (or nonroutine) decisions.
- Well-planned organization has fewer nonprogrammed decisions.
- Handling nonprogrammed decision properly requires original thinking.
- Programmed decision is repetitive or routine and made by a procedure.

Steps in Problem Solving and Decision Making

- Identify and diagnose the problem (be aware that problem exists).
- Develop creative alternative solutions (explore even unrealistic suggestions).
- Evaluate alternative solutions (examine pros and cons of each alternative).
- Choose one alternative solution (best one comes closest to achieving goal decision was intended to achieve).

Steps in Problem Solving and Decision Making, continued

- Implement the decision.
 - a. Not really a decision until it is implemented.
 - b. Effective decision relatively easy to implement.
- Evaluate and control (examine how well the decision achieved its intended results).

Bounded Rationality

- Decision making seldom logical and systematic, partially because of intuition.
- Bounded rationality refers to limited mental abilities and external factors that prevent making entirely rational decisions.
- Bounded rationality leads to satisficing (those that suffice) decisions, and to heuristics (rules of thumb in decision making).

Influences on Decision Making

- Intuition (based on experience, and can help point executive in right direction)
- Personality and cognitive intelligence
 - a. Propensity for risk taking
 - b. Decisiveness based on degree of caution
 - c. Perfectionism and rigidity
 - d. High cognitive intelligence can help but can lead to “analysis paralysis”

Influences on Decision Making, continued

- Emotional intelligence (managing your feelings, reading feelings of others)
 - a. Self-awareness
 - b. Self-management of emotion
 - c. Social awareness including empathy and intuition
 - d. Relationship management

Related to EI is emotional tagging that leads to positive or negative predisposition.

Influences on Decision Making, continued

- Quality and accessibility of information (quality information is good but decision maker may favor accessibility, or anchor first information received)
- Political considerations
 - a. Favoritism, alliances, and desire to stay in favor with powerful people
 - b. Favor status quo to avoid making waves
 - c. Revenge a possible factor

Influences on Decision Making, continued

- Degree of certainty (calm and confident when certain, but effective manager can deal with risk in decision making)
- Crisis and conflict
 - a. Some decision makers panic during crisis, others at their best.
 - b. Moderate conflict directed at real issues can help visualize crisis in advance.

Influences on Decision Making, continued

- Values of decision maker (all decisions are ultimately based on values)
- Procrastination (leads to indecisiveness)
- Decision-making styles
 - a. Decisive—one option, less information
 - b. Flexible—many options, less information
 - c. Hierarchic—one option, more information
 - d. Integrative—many options, more information)

Advantages and Disadvantages of Group Decision Making

- Often results in high-quality solutions to problems because of many contributors.
- Often leads to commitment to decision.
- Serious problem is groupthink, or striving for consensus despite flawed decision. Can also occur when choosing between inevitable losses.
- Encouraging expression of doubt and criticism can reduce groupthink.

A General Method of Group Problem Solving (Exhibit 5-4)

1. Identify the problem.
2. Clarify the problem.
3. Analyze the cause.
4. Search for alternative solutions.
5. Select alternatives.
6. Plan for implementation.
7. Clarify the contract.
8. Develop an action plan.
9. Provide evaluation and accountability.

A Specific Method of Group Problem Solving: The Nominal Group Technique

1. Group members are selected and assembled.
2. Group leader presents a specific question.
3. Individual members write down their ideas independently.
4. Each member, in turn, presents one idea to group without discussion.

The Nominal Group Technique, continued

5. After each group member has presented his or her ideas, group clarifies and evaluates the suggestions.
6. The meeting ends with a silent, independent rating of the alternatives.
- Alternative is selected that attains the highest ratings, based on the votes of all members.

The Creative Personality

- Creative people are generally open and mentally flexible.
- They overcome traditional way of looking at things (“think outside the box”).
- Creative thinkers break the rules.
- Are able to think laterally, or find many different solutions to problems. (Vertical thinking is more logical and leads to one or a few solutions.)

Conditions Necessary for Creativity

1. Expertise, creative-thinking skills and, internal motivation
 - a. Three components must be together.
 - b. Expertise refers to necessary knowledge.
 - c. Creative thinking includes digging for alternatives.
 - d. Motivation is for satisfaction, challenge.
 - e. Flow experience includes heavy focus.

Conditions Necessary for Creativity, continued

2. Environmental need plus conflict and tension (need stimulates goal setting, and conflict and tension put us on edge)
3. Encouragement from others
 - a. Permissive atmosphere that welcomes creativity facilitates creativity.
 - b. Not punishing for mistakes is helpful.
 - c. Family encouragement also helpful.

The Creative and Innovative Organization

- Managerial and organizational practices can foster creativity.
- Atmosphere must encourage creative expression, such as not punishing workers for making honest mistakes.
- Permissive atmosphere nurtures innovation.
- Financial rewards for creative suggestions are useful.

The Creative and Innovation Organization

1. Challenge (optimum amount)
2. Freedom (in how to accomplish a goal)
3. Resources (time and money needed)
4. Rewards and recognition for creative ideas (supplement to internal rewards)
5. Allocating time for creative thinking
6. Building on ideas of others
7. Greater diversity in groups

Organizational Programs for Improving Creativity

1. Creativity training (aimed at developing flexible thinking)
2. Brainstorming (also used for training)
3. Systematically gathering ideas (collect from inside and outside firm, and use idea quotas)
4. Appropriate physical surroundings (physical space allows for flow of ideas, but some workers need privacy)

Guidelines for Brainstorming

- Group members spontaneously generate solutions, without being criticized.
- Presence of trained facilitator is helpful.
- Assign fieldwork to brainstorming participants prior to meeting.
- Natural light in room may stimulate brainstorming.
- Rules of brainstorming can be regarded as goals, such as all members contributing.

Self-Help Techniques for Improving Creativity

1. Specific creativity-building suggestions:
 - a. Keep track of original ideas.
 - b. Stay current in your field, be curious.
 - c. Improve your sense of humor, and laugh at own mistakes.
 - d. Take risks when searching for solutions.
 - e. Find best time period for being creative.
 - f. Pause when faced with creativity block.

Self-Help Techniques for Improving Creativity, continued

2. Play roles of explorer, artist, judge, and lawyer.
 - a. Explorer speaks to people in different fields.
 - b. As artist, stretch your imagination.
 - c. Be judge by evaluating your wild ideas.
 - d. Be lawyer by negotiating to get your ideas implemented.

Self-Help Techniques for Creativity Improvement, concluded

3. Engage in appropriate physical exercise
 - Single aerobic workout can trigger brain into high gear.
 - Physical fitness can boost cognitive skills.
 - Exercising pumps more blood and oxygen into the brain, enhances frontal lobe activity.

Exercise alone does not boost creativity!