

6.2.2 | DECISION-MAKING PROCESS

Decision making is basically a process of selection by finding a decision, accumulating information and examining the available alternatives. It is a step-by-step approach that can help in making more thoughtful decisions by organising relevant information and defining alternatives. The following are the steps involved in the decision-making process:

1. **Identifying the problem:** In this step, the actual problem of the organisation is identified. A decision maker will be able to analyse the problem only if the problem is identified properly.
2. **Gathering relevant information:** This step involves collecting relevant information before making the actual decision. Information collection includes answering the following questions:
 - What information is needed?
 - What are the best sources of information?
 - How to get the required information?

In an organisation, information can be collected from both internal and external sources. Some information is internal that a decision maker can obtain through a process of self-assessment, whereas external information can be availed through online or external stakeholders.

3. **Identifying the alternatives:** Once the information is collected, several possible alternatives can be drawn from the given information depending on the imagination and analytical skills of the decision maker. Thereafter, all possible and desirable alternatives are listed by the decision maker.
4. **Recognising the decision criteria:** In this step, the decision maker identifies various factors that majorly affect a decision. These factors are costs, risks and outcomes. Cost is related to the amount spend on finding and implementing

4. **Recognising the decision criteria:** In this step, the decision maker identifies various factors that majorly affect a decision. These factors are costs, risks and outcomes. Cost is related to the amount spend on finding and implementing a solution to the problem. Risk is associated with the likelihood of taking a wrong decision. Outcome refers to the impact of the decision on the growth of the organisation after implementing the solution.
5. **Allocating weightage to the criteria:** In this step, weightage is allocated to the factors affecting decisions. Weightage is assigned based on the evaluation whether the problem identified in Step 1 will be resolved using a particular alternative.
6. **Selecting the alternative:** Once all evidences are weighed, the best alternative to address the problem out of all the options available is chosen. The decision maker can select a single alternative or a combination of alternatives.
7. **Implementing the alternative:** In this step, the decision maker puts the chosen alternative into practice. The decision maker receives feedback from the people who would implement the decision.
8. **Evaluating the decision's effectiveness:** In this step, the decision maker evaluates the effectiveness of the alternative implemented in solving the problem.