# 제 6 강 **Decision Making**

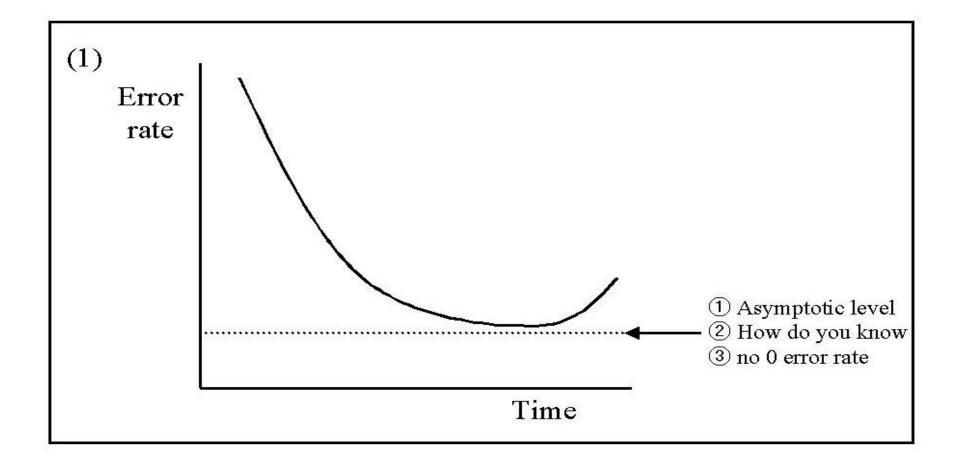
- **1. Decision Process**
- 2. Decision Criteria
- **3. Decision a nature of judgment**
- 4. What do we mean by criteria?
- **5. Consequences of a decision**
- 6. Adaptive Process
- **7. Control Loops**



Quality of output is independent from input:

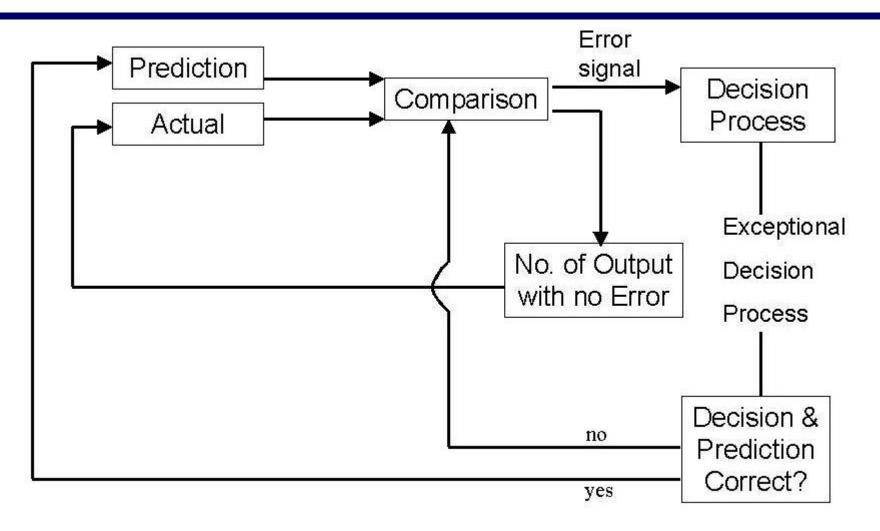
- 1. What are the time constraints?
- 2. To What extent is data reduction is necessary as part of the input function?
- 3. Is the type of input related to the number of alternatives available?

## **Decision Process**



경영체제개론

## **Decision Process**

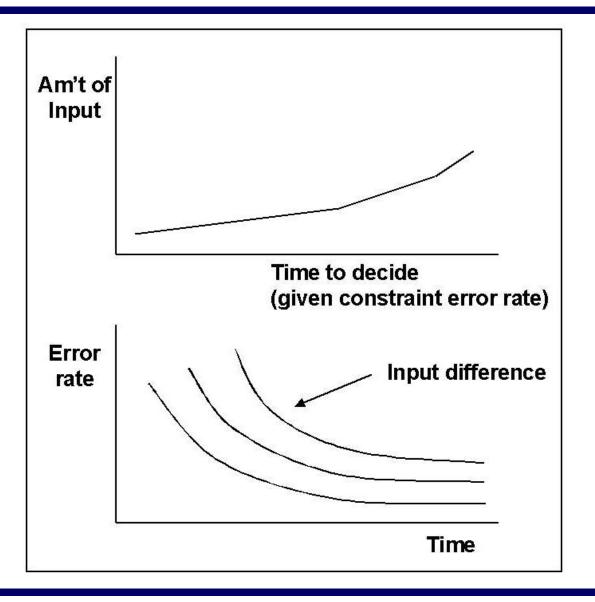


### Summary of Howard, P.

#### **Decision Making**

경영체제개론

## **Decision Process**

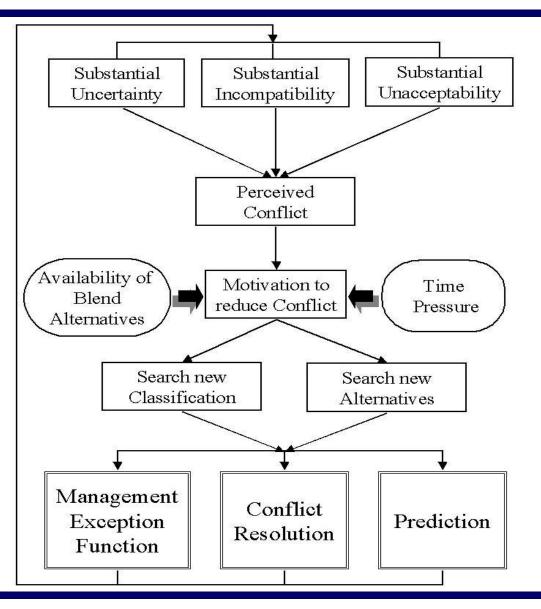


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(3) Reduction of data is important

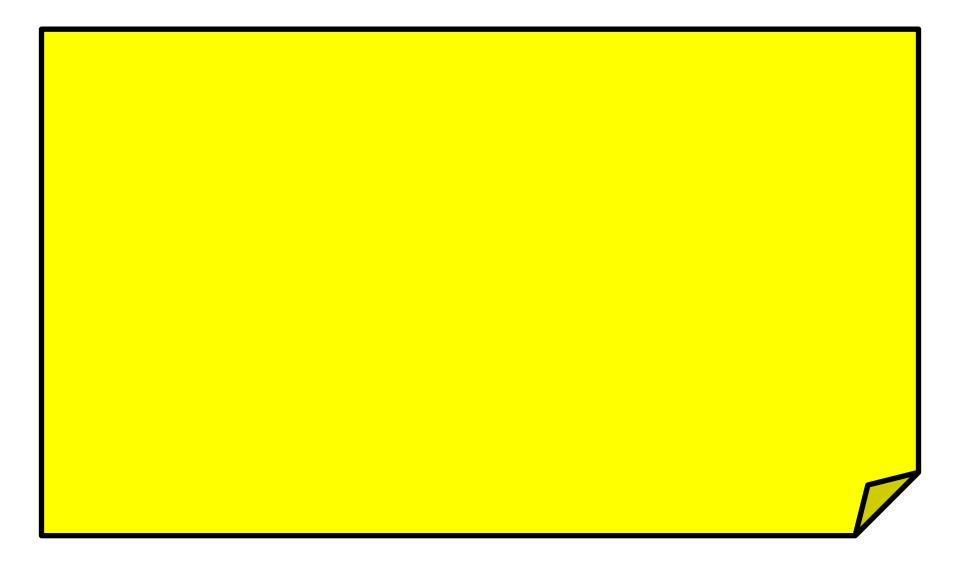
- if you can reduce the data into a form which you can handle,
  then the time for decision making will decrease
- I.E.'s role? What are they?
- ex?

# **Decision - Block diagram**



경영체제개론

## 6-1강 Summary



**Decision Making** 

경영체제개론

## **Decision Criteria**

## Decision implies : (by Roy, R. H.)

Concept of relative goodness rather than perfection

Ever-Presence of conflicting values

"Investment Character"

Quality of feasibility

Social-historical framework is needed

경영체제개론

## **Decision Criteria**

Therefore middle class manager should know that

- Decision is
  - 1 interlocking
  - $\bigcirc$  interdependent
  - 3 any decision is better than no decision

## Decision - a nature of judgment (Simon, H. A.)

• Value judgment

a decision held towards a selection of final goals

• Factual judgment

a decision held towards an implementation of such goals

## What do we mean by criteria?

• Factual Proposition

Statements about observable world

• Ethical Proposition

Statements which can not be tested

## **Consequences of a decision**

- Public administrator
  - final responsibility lies in the legislative body

- Private administrator
  - final responsibility lies in the board of directors (stock holders)

# Simon says :

- 1. Decision is a compromise
- 2. Alternative (that finally selected) never permits perfection
- 3. Simulation limits are important
- 4. Balance or sacrifice are needed
- 5. Decision is a vertical process

Why? - think that

- a. Coordination
- b. Decision
- c. Accountable
- 6. Coordination in procedure

## **Adaptive Process**

- Alias of decision process,
- Management Exception Function

There are two types of errors: casual & non-casual When a non-casual error occurs, you enter the adaptive process Symptom : S.D. - X moves together

If you want to see the error taking place, then you must use a control function to alleviate the problem. Over time, the control process tends to tighten the limits on the Error. Adaptive process is : a learning - feedback <u>a prediction is "wrong" is</u>

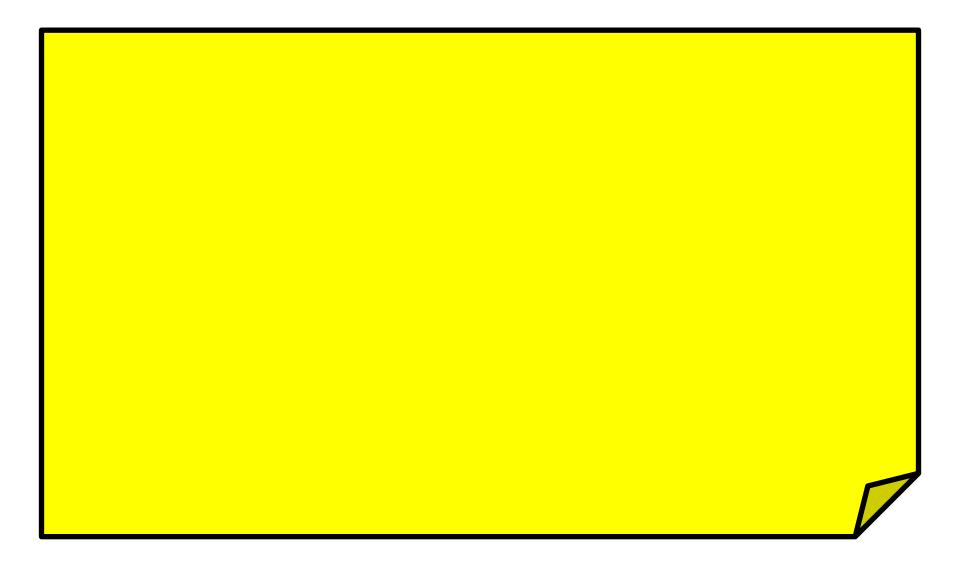
a valid concept

# **Control loops**

- Formal (Secondary) loops
  - planning & policy estimation, long range planning

- Informal (Primary) loops
  - decision making at the operating level time element often does not allow decision making at higher level

## 6-2강 Summary



**Decision Making** 

경영체제개론