Comparative Analyses on Classical and Administrative Decision Making Models

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ABSTRACT
This paper compared Classical and Administrative decision making models. Decision making process being a unique process in an organization is very important as it determines to a large extent the productivity of an organization. Decision making is not an event done occasionally but a process to achieving organization’s goals. Different steps are carried out in order to take decisions. Different organizations adopt different models in the decision making process, this is dependent on the nature of the decision to be taken. The classical decision making model which is Optimizing in nature and administrative model which is Satisficing in nature, could both be applied in the decision making process. It is in that respect that the researcher recommends among others that decision makers should comprise of group of persons with diverse intellectual ability so as to make decisions that will not be detrimental to stakeholders.

Keywords: Decision Making, Classical Decision Model, Administrative Decision Model

INTRODUCTION
In our day to day living, we are faced with making decisions. Decisions ranging from what to eat, wear, where to go and how to even get to the destination. The decisions we make are based on available alternatives. As opined by Sekibo, (2014.), “A man who desires a better tomorrow should be committed to doing what can be done”, this entails decision making. In an organization, decision making is essential. It determines both managerial and organizational actions. This goes forward to represent a well balanced judgment and commitment to action,(Gaurav 2010).

Just as any decision taken in an individual’s life is reflective on the individual’s status, so also is any decision taken in an organization reflective on the economic and even social status of that organization. Decision taking is the backbone for business management because without taking decisions, nothing can be performed and subsequently achieved. In light of this, Arsham(2010) posits that every individual/organization wishes to make the right decision. This is very important as the right decision goes a long way to improve organizations. Not to forget that not making a decision could be more dangerous than making a wrong decision (Keller, 2014).

Nadaf and Siddiqui (2015) defined decision making as a choice between alternatives. This connotes that if there are no alternatives, then no decisions are required. A decision is purposive to attain some objectives. In conformity, Sekibo (2014) noted that in taking decisions one needs to find out the available opportunities and take decision. Decision making is not an annual occurrence as there is bound to be change within and around an organization and as such decisions must be made. In recent times, the method of data compilation, reprography, and means of communication in the business environment is changed due to digital technologies. All of these changes must be reflective in an organization. This
means management must take decisions that will affect the expected change. An organization is a structure created for decision making (Simon, 1947). Decisions are made at all levels of organization. It could involve just the manager and the decision taken affects the whole organization. It could also be a decision taken by the cleaner and it will also affect the organization. Decision making as stated by Herbert Simon is the heart of administration.

The managerial functions which include planning, organizing, leading and controlling entails decision making. This is because a person who holds a management position is required to think strategically and conceptually in order to achieve organizational goals. When making a decision, some pertinent questions need to be answered. These questions ranges from the reason decision was made?, the nature of the decision?, when it was taken?, how the decision was taken?, where the decision was made?, the features of the decision?, and why the decision arrived at was made (Nitisha, n.d). All of these questions are essential when making a decision. As a matter of fact, upon taking a decision, if the outcome is negative or positive these questions are naturally asked for recommendations to other organizations facing similar challenge or condemnation as the case may be.

When making decisions one needs to go through some stages. The following are stages in decision making as listed by Herbert Simon:

a. Intelligence activity: this stage asks the question is there a problem? Head of organization tries to understand the situation.

b. Design activity: this stage entails identifying alternatives. Possible options are identified.

c. Choice activity: a choice is been made at this stage.

A good decision is arrived at after passing various stages, it is action oriented, goal oriented and efficient in implementation(Great Essays online, n.d). That is to say decision requires intelligence, experience and insight into the problem. However, decisions are faced with certain challenges; they include accuracy, environment for decision and time.

There are different models on decision making. Different organizations and individuals adopt different models as it relates to the nature of decision to be taken. However, of concern to this work are the Administrative and Classical decision making models.
Administrative Decision Making Model

Herbert Simon who is associated with administrative decision making once said: a theory of administration should be concerned with the process of decision as well as the process of action. Decision making is a matter of compromise. There are a number of alternatives before a policy/ decision making; and while making decision, he is to select one or more alternative which will serve his purpose.

The concept of administrative decision making is divided into two (2) parts: decision being arrived at and the process of action. Basically, the administrative decision model settles for a less than ideal solution because of time. This model instead of sourcings for best solutions to problems faced, acts on the first available good enough alternative producing a fair enough result. The concept of administrative decision making is Satisficing in nature (Bugajenko, 2017). Satisficing entails picking a course of action that is satisfactory under the circumstances. It enables for decision makers to accept the first alternative that meets the need of the situation. It reduces the tendency of going through rigorous processes and comparisons (Wu & Ding, 2021). However, satisficing is preferred for decisions of small significance when time is the major constraint or where most of the alternatives are essentially similar.

The administrative decision model is also referred to as Bounded Rationality model. Bounded rationality refers to making rational decision however, not perfect as the decision taken is based on available information and resources (Economy, n.d) Decision making involves achieving organizational goals. To achieve these goals, a decision maker should be rational. Rationality entails a decision maker properly understanding courses of action for reaching the goals. A decision maker should have full information and ability to analyse properly various alternative courses of action in the light of goals sought. Never the less, rationality in administrative decision making model as defined by Herbert Simon, is in terms of objective and intelligent action.

Objectively rational, depicts maximizing given values in a given situation and subjectively rational connotes attainment, relative to the actual knowledge of the subject. Rationality in administrative decision making is characterized by behavioural nexus between ends and means (Marwala, 2015). Bounded rationality does not assume individual rationality in the decision process. It suggests that while seeking best solution to situations faced, decision makers settle for less (Vergas-Haenandez & Ortega, 2018). This is because the decision they confront typically demand greater information and takes a longer time to process capabilities they possess.

The concept of bounded rationality is based on basic concepts. They are as follows:

**Attention to alternative solution:** as the concept implies, attention is being given to alternative solutions. This entails identifying possible solution to situations in other to take decision instead of trying to get numerous alternatives. This enables a decision maker to stop searching for alternatives once an acceptable solution is found. With this, if the first solution fails to work, it is discarded and the next alternative considered. Once an acceptable solution is found, the search ends (Chand, n.d).

**Use of Heuristics:** This is basically focusing on most relevant aspects of a complex situation. It is a rule which guides the search for alternatives into areas that have a high probability for yielding satisfactory solutions. It is regarded as a fast way of solving problem which may lead to a poor decision as data are not adequately analyze before implementation. However, the solution proffered using heuristics are sufficient for a time being (Chen, 2021)

**Satisficing:** It is referred to as choosing an alternative that is satisfactory enough under the circumstances. Once an alternative meets the minimal requirements, it is accepted (Wu & Ding, 2021).

Classical Decision Making Model

Classical decision making theory is also regarded as rational model. Rationality entails thorough research and logical evaluation (Scott & Bruce 1995). This model considers going into rigorous research before taking a decision. This involved the process of gathering facts and utilizing logic to organize and analyze these facts in such a way that the decision to be taken is accurate or near accurate. Oliveria (2007) defined rationality as the “compatibility between choice and value”.


Classical model is mostly applied to higher level decision making of a more serious nature. It is a method of systematically selecting among possible choices that is based on reason and facts. Analytical steps are employed to review relevant facts before taking decisions. Rational is derived from economic theory and utilitarianism. The core concept of the theory is based on the idea of “economic man” who takes all sorts of decision based on the basis of rationality and utility. The rational man decides to pursue a particular process which he thinks in his judgment rational and which will ensure maximum utility. Rationality and utility are two important criteria that lie at the heart of classical decision making process. Rationality is based on logic of choice that would maximize the value and profit of an organization. Among members, rationality brings about maximization of values and meets goals of an organization without giving rise to internal conflict. This will further result to centralized power and harmony among its members and consistency among goals of firms, members who are efficient to choose the best alternative that would maximize the value of common and unique set of organization’s objectives. This tells how the organization makes decision by giving sanitized vision of it (Deepika, 2014). The rational decision making model is structured and sequential. It is aimed at seeking precise solutions to problems defined and identified. This model is based on scientifically obtained data that allows for reduction in errors, assumptions in making decisions. The decision making process is characterized by discipline, consistency and logic. It addresses complex issues by breaking it down into simple steps and considering all aspects of the problem with possible solution before making a final decision. Decisions made classically are rational and directed towards a single and stable goal. Its application is in situation where the management/ decision maker has full information relating to the problem and are equipped with alternatives. Classical decision model assumes managers have access to complete information and as such have the ability to make good decisions by critically analyzing every alternative. In classical decision making, goals are defined, alternatives identified, consequences been calculated, before decision is made. The process is repeated again when another need arises (Hoy, 2019). Uzonwanne (2016) listed procedures in classical decision making. They are:

- Identification of problem
- Identifying solutions scenario
- Carrying out a gap analysis
- Facts gathering, options and alternatives
- Analyzing outcomes of options
- Selecting best possible options
- Implementation of decision and evaluation of outcome.

**Identification of problem:** Before any decision or processes of tackling a problem is carried out, one must, as a matter of fact identify the problem. Like the popular saying that goes thus “a problem shared is half solved”. If a problem is not identified, that is a problem on its own and as such the need for a problem to be identified for due attention to be given. A decision maker must identify the problem and understand the problem so as to carry out appropriate steps. If a system is not functioning as it ought to, the reason for such malfunction needs to be identified hence the importance of identifying a problem in an organization.

**Identifying solution scenario:** this entails envisaging what the outcome will look like. A decision maker should be able to have a picture of what the solution prescribed for the problem will look like when applied.

**Carrying out a gap analysis:** This is simply understanding the distance between the problem identified and the solution. The cost and adequate steps to take to meet the desired result.

**Facts gathering, options and alternatives:** Facts gathering is a necessity. Based on facts gathered, options/alternatives will be analyzed and considerations made. This consideration will also concern how the steps from the options will be carried out and the facts will be useful in determining the outcome of the decision.
Analyzing outcomes of decisions: The consequences or outcomes are weighed. Based on the various options. Management/decision makers critically weigh the outcome of making such a decision. These options are weighted as it affects not just one person but stakeholders involved.

Selecting best possible options: Upon analyzing the option outcomes, the best possible option to solve the problem will be selected. The option will definitely see to achieving the organizations goals and not detrimental to parties also involved.

Implementation of decision and evaluation of outcome: Selecting the best option from the alternatives is not enough without implementation. Results will not be achieved and as such, upon selecting the best suitable option it must be implemented after which it is important to evaluate the final outcome based on the solution scenario that was created in the second step. At this point questions like, did the decision meet the expectation, comes in. If the expectation is not met there is a need to start the decision making process from stage 1 again.

Rational-decision-making model: This flowchart illustrates the process of Rational Decision Making.

Source: courses.lumenlearning.com
<table>
<thead>
<tr>
<th>S/N</th>
<th>CLASSICAL MODEL</th>
<th>ADMINISTRATIVE MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Objectives are set prior to generating alternatives.</td>
<td>Objectives are usually set prior to generating alternatives.</td>
</tr>
<tr>
<td>2.</td>
<td>Decision making is a means-end analysis: first ends are determined and then the means to obtain them are sought.</td>
<td>Decision making is typically means–end analysis; however, occasional ends change as a result of analysis.</td>
</tr>
<tr>
<td>3.</td>
<td>The test of a good decision is that it is shown to be the best means to achieve the end.</td>
<td>The test of a good decision is that it can be shown to result in a satisfactory means to achieve the ends; it falls within the established bounded conditions.</td>
</tr>
<tr>
<td>5.</td>
<td>Engage in comprehensive analysis; all alternatives and all consequences are considered.</td>
<td>Engage in “problemisitic search” until a set of reasonable alternatives is identified.</td>
</tr>
<tr>
<td>6.</td>
<td>Heavy reliance on theory.</td>
<td>Reliance on both theory and experience.</td>
</tr>
<tr>
<td>7.</td>
<td>Prescribe how decisions are made.</td>
<td>Describe how decisions are made.</td>
</tr>
<tr>
<td>8.</td>
<td>Managers operate under the state of certainty.</td>
<td>Managers are uncertain.</td>
</tr>
<tr>
<td>9.</td>
<td>All alternative causes of action and their potential result can be calculated.</td>
<td>All alternative causes of action and their potential result may not be calculated.</td>
</tr>
<tr>
<td>10.</td>
<td>Manager seeks to attain objectives that are both known and agreed upon.</td>
<td>Objectives may not be known.</td>
</tr>
<tr>
<td>12.</td>
<td>The role of emotion is left out.</td>
<td>Emotion is considered.</td>
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</tbody>
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DISCUSSION

The classical and administrative decision making models are directed towards solving organization problems however, both models apply different steps which seem quite similar. Looking at today’s business world and the world at large, there is limited possibility of a decision maker/ manager to be equipped with “ALL” information required to carry out a decision for an organization. Hoy (2019) considering the classical model of decision making which requires accurate and complete data reported that the model could not fully represent how people make decisions in an organization as it is considered unrealistic. This is because the tendency of gathering all needed information as regards the decision to be taken is slim. Not to forget time constraint and possible distortion of information. Some departments/ individuals might be secretive in disseminating valid information that may be required to carry out a research in order to make a decision in an organization.

Another notable thing as regards distortion of information is emotion. This concerns the administrative decision model. Sometimes decision makers allow their emotions rather than facts to prevail in the decision making process. As noted in (Deekay 2015), “when a decision maker begins to favour a particular choice option, this tentative preference often shifts the evaluation of subsequent information in a manner that benefits the early leader”. We are humans and sometimes it is only natural for emotions to play out even in decision making process but these emotions, taking the better side of a manger in making decision, may lead to making a biased decision that may be detrimental and not meeting the objectives of the organization.

The role of emotion which is not a factor in classical decision making model is important in taking decisions. This goes further to complement Herbert Simon’s bounded rationality. Individuals are not capable of making completely rational decisions especially on complex matters and matters associated with feelings. Schwarts, Ben-Haim and Dasco (2010) reported that satisficing becomes appropriate when uncertainty and conflict prevail.

It is impossible for an individual to perceive all possible alternatives, although the economic man, being a rational decision maker, asserts that all alternatives and consequences are known when taking a decision. This practically seems very untrue. The administrative man on the other hand, perceives simplified versions of the real world. He sometimes goes into conclusion without properly examining all possible
alternatives which might result to a huge loss in an organization if the outcome of the decision is negative. This further explains the problem of generalizing in the administrative model. Details are not provided to help decision makers in making decision. Furthermore, being rational as obtainable in classical model may not apply to all areas especially areas that are not purely economic in nature.

SUMMARY
What administrators seek generally is solution to problems regardless of the steps. One needs to take into cognizance the fact that just as problems are a point of dissatisfaction to an individual, so also it is in an organization. And as it is dissatisfactory, it needs attention. This attention entails taking a decision. Both classical and administrative decision making models are employed in making decisions. Classical decision model which entails optimizing comes in play when problems encountered are narrow, simple with complete information and certain outcomes. Satisficing which is a feature of administrative model is employed in complex problems with partial information, uncertainty but with definable satisfactory outcomes and adequate time to deliberate. One thing to note is that there is no perfect model just as there is no perfect decision.

SUGGESTIONS
From the reviews and realizing that decision making is a selective process and requires intellectual abilities to a great extent, the researchers suggest the following for organizations.
1. Decision makers should comprise of group of persons with diverse intellectual ability. They could include those from disciplines such as cognitive science, psychology, sociology, economics and even political science. This will enable for decision taken to cover virtually all aspect relating to stakeholders and economic status of the organization. Political implication will be analyzed, likewise sociological and psychological aspect not to forget the economic implication of course organizations are interested in making profits while meeting needs of customers.
2. Either or both of the models should be applied in decision making process. Decision making is not a state or an event but a process and as such any process that will meet organizations objectives should be employed.

REFERENCES


