Stages of Decision Making: Literature Review

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Introduction

Every successful organization is founded on sound, strategic decisions. Accordingly, management scholars and specialists have documented detailed and extensive literature on the decision making process. Nonetheless, a satisfactory review of the association between the decision making process, the stages of decision making, as well as the success or lack thereof of applying these concepts is still lacking. Several authors such as Meijer and Bolívar (2016) and Rose (2011) have sought to explore and analyze life cycles, but their studies edged on describing an organization's entire life course from conceptualization to its eventual death. Owing to the formal nature in which most businesses are conducted, studies that major on the life cycle of an entire firm are immaterial. In line with Lassnigg (2011), in a typical supervisory or management setup, employees are placed in already existing organizations—hence, the irrelevance of most studies. Meijer and Bolívar (2016) report that even for projects focusing on sustainability, their parent organizations are mostly well over their initial conceptualization, and accordingly, they enter set business parameters that define the organization's conditions that detail the late stages of growth experienced by an oligopolistic business's life cycle. More so, Lassnigg (2011) suggests that almost all existing organizations slowly tailor and acculturate new employees by the means of generally accepted rewards and punishments as well as training orientation systems. Before employees and executives are employed, they have to acquire instantaneous knowledge of both old and new abilities, while experiencing the exit of members of the prior team (Lassnigg, 2011). Accordingly, even though the organization may have experienced the birth and some of its growth stages by itself without the participation of an employee, an employee must go through the stages from inception to termination. Consequently, this review of literature is based on this line of thought—that literature and most relevant research on the life cycle of organizations is derived from decision-making literature (Cao & Folan, 2012; Davenport, 2009).

Literature Review

Small group literature uncovers that the development of an organization proceeds at a quicker pace at first. Most of the organizing and structuring occurs immediately after interaction (Rose, 2011). During the early stages of development, an organization mostly deals with establishing its social foundations and structures. From the onset of operations, a company begins forming is power relations, roles, norms, and statuses. For instance, in small group problem solving and decision making literature, Craft (2013) explains that process-oriented organizations have to go through four distinct phases: the orientation phase, conflict phase, emergence phase, and reinforcement phase. In the orientation stage, the members of an organization search—through experimental strategies—for ideas and tasks that can increase value (Craft, 2013). Subsequently, in the conflict phase, as members become more aware of the options they harbor, they make resolute choices. Disagreements break out, statements become less ambiguous, and attitudes more polarized. However, the emergence stage is characterized by rescinding arguments and dissipating conflicts. Craft (2013) further observes that in the last stage—the reinforcement phase—the members are forced towards closure in order to avoid dissent (Craft, 2013). During this stage, members tend to reinforce emerging decisions constantly (Davenport, 2009).

Hatala and George (2009) assert that using a detailed decision making process that defines all stages can help organizations and people alike to make more thoughtful and deliberate decisions through the proper organizing of information and analysis of alternatives. Such an approach to decision making increases the chances of choosing the most gratifying alternative. Most researchers would concur that the first step in decision making is identifying the decision (Davenport, 2009). According to Cao and Folan (2012), when management identifies the need for a decision to be made, they should first define its nature clearly. The second step entails gathering relevant information (Cao & Folan, 2012). Managers need to be informed before making decisions by establishing the kind of information that is needed, the sampling of reliable sources of information, and outlining the requisite steps to achieve them. According to Cao and Folan (2012), this stage involves both external and internal organizational players, and it entails the processes of self-assessment.

Subsequently, the third step is identifying alternatives. As managers collect information, they are likely to identify many possible alternatives and lines of action (Hatala & George, 2009). Morieux (2011) also postulates that managers may also use their knowledge and imagination to create new alternatives. This stage outlines a list of all the desirable, but possible alternatives.

The fourth step is weighing the options and evidence. Managers draw on their emotions and information to construe the possible outcomes of all the possible alternatives. Managers evaluate whether all the identified alternatives can resolve the issues identified in the problem identification stage (Cao & Folan, 2012). Weighing evidence is an internal process that allows managers to favor some options over others. Managers tend to favor the alternatives that seem to offer the greatest potential for attaining their personal and organizational goals (Morieux, 2011). After much deliberation, alternatives are prioritized based on the values of the system. The fifth step is choosing among the various alternatives. After deliberating through all the evidence, managers are inclined to select the most feasible alternative that is supposedly best for the members as a group. The managers may even decide to maintain several of the alternatives that are fused into one comprehensive system.

The sixth step is to take action, which is executed by implementing the alternatives that stood out the most in the previous step (Craft, 2013). The seventh step is conducting a review of the decision and its consequences. In the final step of decision making, managers have to deliberate on the outcome of the decision and assess whether it met the need identified in the first step (Cao & Folan, 2012). If the decision fails to meet the needs, the deliberators may need to revisit some steps in order to make another decision. For instance, the managers may want to gather more information and explore different sources and alternatives. Therefore, it is apparent that that there are seven distinct stages in the decision making process. Gundersen (2017) explains that this process assists managers and other people in business to solve problems by assessing alternatives and finding the most appropriate solution. The stages of the decision making process detail a systematic strategy that guarantees thoughtful, well-informed choices with positive impacts on both the long- and short-term goals of the organization (Davenport, 2009).

Dezdar and Sulaiman (2009) expound on the seven steps a business takes when making decisions, and explains that most managers use the steps even without realizing. However, gaining a clear understanding and practicing the best practices in decision making can enhance the effectiveness of the decisions. The seven key stages in the decision making life cycle discussed by Gundersen (2017) are elaborated below.

The Decision Making Life Cycle

Identifying the problem. This is the first stage in the deliberation of a line of action. Decision makers should be able to recognize the problem and decide to address it. In some situations, considerations need to recognize opportunities instead of problems. Managers should be able to determine how the decision would make a difference to the organizations, the clients, or fellow employees (Morieux, 201.

Gathering information. In this stage of the life cycle, the deliberating team gathers all information to ensure that decisions are made based on data and facts (Davenport, 2009). This stage requires deliberators to make value judgments by deciding on what kind of information is deemed relevant, and how the information can be attained (Hatala & George, 2009). The deliberators must know what they need, and during this stage, they actively seek information from all the involved resources. Additionally, managers should seek a diverse range of information so that they can clarify their options, but this stage must come after an issue has been identified (Hatala & George Lutta, 2009). During this stage, managers seek to unearth the potential causes of the opportunity or problem, the constraints, the processes, and people involved.

Identify alternatives. After ensuring that all deliberators have a clear understanding of the issue at hand, they then turn to analyzing the different alternatives at their disposal. Managers tend to use different approaches of solving problems; hence, it is vital that the group selects a range of alternatives. This stage helps managers determine the best course of action that should be taken to achieve the objectives of the organization.

Weighing the evidence. This stage assists managers to evaluate feasibility, desirability, and acceptability. The managers decide on the best alternatives, where they weigh the merits and demerits of each and then settle for the option with the highest chance or success. Most managers find it helpful to find secondary sources of information to gain a better perspective of the problem (Hatala & George, 2009).

Choose among options. The management team should evaluate and identify the risks and rewards associated with the alternatives provided. The groups may even chose to settle for several alternatives (Rose, 2011). The options provide a rational decision range that facilitates the selection of the most effective alternative.

Take action. During this stage, Dezdar and Sulaiman (2009) denote that the management team creates an elaborate plan for implementing the decision. This stage involves the identification of resources required to implement the decision as well as gaining support from employees and other stakeholders. Getting others to understand and support the decision is a key component of establishing sound decisions. Therefore, it is important for managers to prepare to address the concerns that may arise from their decisions.

Review the decision and its consequences. Decisions must be evaluated for effectiveness. Managers need to know what went well and the areas that need improvement.

Dezdar and Sulaiman (2009) assert that even the most experienced managers can learn from the mistakes they make. Managers should always be ready to customize their plans when necessary and to adapt to new solutions when necessary (Dezdar & Sulaiman, 2009). When a manager realizes that his or her decisions did not work as planned, he or she may need to find better alternatives.

Challenges of the Decision Making Life Cycle

Researchers also identify common challenges encountered when using this approach to decision making. The stages outlined above are designed to help managers to make effective decisions. However, they a have to look out for pitfalls to ensure the process is successful. Some of the common challenges and best practices that help managers avoid making unsound decisions are as follows:

Having inadequate or too much information. It is crucial for managers to identify the scope of the problem to know the precise amount of information needed. According to Hatala and George (2009), in most cases, information overload leads to confusion and misguided decisions. Moreover, when managers rely on a single source of information, they may end up misinformed or biased (Hatala & George, 2009).

Misidentifying the problem. Occasionally, managers are faced with complex decisions and they have to decide without fully understanding the root causes of the problem. Nonetheless, this problem can be mitigated by conducting thorough research on both the internal and the external elements of the organization concerning the decision. This approach saves both resources and time in the end.

Overconfidence in the results. Even after meticulously following all the stages in the decision making process, there is a chance that the outcome will not be exactly as conceptualized. Accordingly, it is important for managers to identify valid, plausible, and achievable options. In most cases, overconfidence leads to undesirable outcomes.

Other Pertinent Issues in Decision Implementation

Given the importance of decision making in management, problem solving is a vital skill in the workplace. In turn, following a well-informed procedure like the one outlined by the various researchers, and the awareness of the common challenges to the process, can help in articulating and implementing positive and thoughtful designs. Making a decision means to choose one of many alternatives. Nonetheless, limited resources also lead to few alternatives; thus, curtailing the scope of the decision and reducing conflict among stakeholders (Davenport, 2009). However, numerous alternatives tend to attract heightened conflict among deliberators. At times, deliberators are forced to compromise to arrive at the most feasible solution. In fact, according to Davenport (2009), some situations require managers to make decisions they are not contented with due to the nature of the constraints and resources available.

Davenport (2009) explains that managers are occasionally forced by circumstances to make decisions that may result in tension and conflict. Such circumstances are usually a result of misunderstanding or misinformation vis-e-vis the advantages and disadvantages of the alternatives. However, in situations where the difference lies in the viability and quality of alternatives, the latter are narrowed down to mitigate the differences. Consequently, the decision making process becomes smooth and sound. Moreover, decisions should be made in such a way that they solve problems and not create new ones. Wrong choices tend to have extensive consequences, which in most cases tend to be extremely unpleasant.

When going through the decision making stages, it is vital for deliberators to analyze all the different aspects, including the morality of the decision as well as their advantages and limitations. Efficient managers only make choices after analyzing all the available options, particularly in terms of their use and net value. Thus, it is evident that decision making entails complicated and complex judgments that must be delivered after a careful examination of all options with due reasoning in order to prevent deliberators from making hasty, erroneous decisions.

Evidently, failed decisions are unprofitable to the organization. Whenever there is a crisis from overconfidence—particularly when decisions are arrived at hastily—the decisions tend to be unsound. Hasty decision making that is driven by overconfidence tends to base the alternatives it selects on improper analysis (Gundersen, 2017). Consequently, the outcome of such a process is an unsound decision. On the other extreme end, a lack of confidence makes people unable to enact logical or judicious decisions. Such people end up complete failures in their professional, social, and personal lives. An analysis into this process of decision making reveals that such individuals hardly make sound decisions and often rely on external assistance (Gundersen, 2017).

Furthermore, according to Gunderson (2017) incompetent managers fail to recognize the significance of these decision making stages, leading to persistent errors as well as wrong decisions. The decisions they make are criticized for their mistakes, and when the wrong decisions are made repeatedly, failure becomes ostensible. Consequently, persistent failure devalues the strength of mind and an individual's self-confidence. Similarly, other managers lack the confidence to make the right decisions; hence, they fail to make a decision. Gundersen (2017) suggests that the utilitarian, reasonable, and logical decision making strategies that can lead to the realization of fruitful decisions are rarely followed. Even though people are distinctly rational beings, their reasoning and thinking is mostly colluded by personal biases, subjectivism, emotions, prejudices, and sentiments (Gundersen, 2017).

Even in management, Morieux (2011) found that the head is not always in control, and sometimes it is unable to rule over the heart. These occur mostly where the elements surrounding the issues are overly complicated, emotional, and subjective. In other occasions, the deliberators may choose not to make any decisions at all. In such a situation, the deliberator makes no effort to consider the alternatives or rationalities provided, leading to fewer alternatives and a simplified decision making process. However, when alternatives are varied and many, the process of deliberation becomes extremely complex and tough. Accordingly, such a situation requires some of the alternatives to be eliminated based on their characteristics and impact on the problem.

Conclusion

Overall, decision making is a vital managerial requirement. Therefore, managers must demonstrate the ability to make sound decisions. The stages of decision making provide managers with a quality approach to make proper and timely decisions. Thus, for upward mobility in the corporate world, knowing and understanding the process of decisions making is extremely important. Leaders given the mandate to make decisions should ensure that their positions are not influenced by favor or fear (Meijer & Bolívar, 2016). The stages of the decision making process ensure than decisions are transparent and well-informed after careful evaluation of the merits and demerits of different alternatives. This review has demonstrated that the states of decision making can be used either individually or collectively through consultation. All decisions should be realistic and applicable, since the alternatives that cannot be implemented are not useful. Instead, such alternatives induce frustrations, misunderstanding, and confusion.

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