8.6 MODELS OF DECISION MAKING

The following are important decision making models which enable us to know more about decision making:

- Contingency model
- Economic man model
- Administrative man model
- Social man model

Let us discuss each model in brief.

(i) **Contingency model:** Beach and Mitchell (1978) felt that the decision maker uses one of three general types of decision strategies: aided analytic, unaided analytic, and no analytic. The aided analytic strategy employs some sort of formal model or formula, or an aid such as a checklist. An unaided analytic strategy is one in which the decision maker is very systematic in his or her approach to the problem and perhaps follows some sort of model, but does it all in his or her head. Thinking of all the pros and cons for each alternative or trying to imagine the consequences of each action would fall in this category. Finally there is the category of no analytic strategy. Here the decision maker chooses by habit or uses some simple rule of thumb ("nothing ventured, nothing gained" or "better safe than sorry") to make the choice.

Which strategy is to be selected depends on the personal characteristic of the decision maker and the demands of the task. The underlying assumption of this model is that a person will choose a strategy that requires the least amount of time and effort to reach a satisfactory decision. The more analytic a strategy, the more time and effort are required to use it.

Since aided analytic techniques take the most effort and analysis, the use of such techniques requires that 1) the individual should have the personal characteristics necessary to employ them (e.g., knowledge, ability, and motivation) and 2) such techniques are demanded by the characteristics of the decision problem.

The characteristics of the problem are divided into two groups: the decision problem itself and the decision environment. The model suggests that as the decision problem becomes less familiar and more ambiguous, complex, and unstable, the decision maker will use more time and analysis (more analytic strategies) to reduce the uncertainty caused by these factors. However, this process continues only up to a point. When the uncertainty due to these factors becomes too great, the decision maker is likely to return to a simpler rule. The reason is that when there is an extremely high degree of uncertainty in the decision problem, the potential gains of a more accurate analytic decision are small and are often far outweighed by the cost (e.g., time and effort) required to arrive at that decision.

The decision environment is composed of four factors. The model suggests that more analytic strategies will be selected when decisions are not reversible and very important, and when the decision maker is personally accountable. Also, analytic procedures are more likely to be used where there are no time or money constraints.