A decision situation is defined by 2 basic features:

- How clear are the goals?
- How well do we know about solutions?

<table>
<thead>
<tr>
<th>PROCEDURAL UNCERTAINTY</th>
<th>GOAL AMBIGUITY / CONFLICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Rational mode</td>
<td>Political mode</td>
</tr>
<tr>
<td>• Goal-directed</td>
<td>• Conflicting goals, interests</td>
</tr>
<tr>
<td>• Guided by rules, routines and performance programs</td>
<td>• Certainty about preferred approach and outcomes</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Process mode</td>
<td>Anarchy mode</td>
</tr>
<tr>
<td>• Goal-directed</td>
<td>• Goals are ambiguous</td>
</tr>
<tr>
<td>• Multiple options and alternative solutions</td>
<td>• Processes to reach goals are unclear</td>
</tr>
</tbody>
</table>

Boundedly Rational Mode

- Decision Premises
  - Bounded Rationality
    - Cognitive
    - Information
    - Values
- Value Premises
- Factual Premises
- Decision Routines
  - Performance programs
  - Satisficing
  - Simplified search
- Organizationally rational decision behaviour
Bounded Rationality: Rule-Based Decision Making (FI Admissions)

Value Premises
- Academic Excellence
- Professional Experience
- Contribution to Community or Profession

Factual Premises
- 4-Year Bachelor's: B / B+
- English Proficiency
- Transcripts, References
- CV, Personal Statement

Decision Routines
- Students apply to FI
- SGS rules, FI policies
- Admission committee
- Satisficing evaluation

Decisions, Offers

Process Mode

<table>
<thead>
<tr>
<th>IDENTIFICATION</th>
<th>DEVELOPMENT</th>
<th>SELECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search</td>
<td>Screen</td>
<td>Diagnosis</td>
</tr>
<tr>
<td>Search</td>
<td>Diagnosis</td>
<td>Design</td>
</tr>
<tr>
<td>Search</td>
<td>Design</td>
<td>Judgement</td>
</tr>
<tr>
<td>Search</td>
<td>Design</td>
<td>Analysis</td>
</tr>
<tr>
<td>Search</td>
<td>Design</td>
<td>Bargaining</td>
</tr>
<tr>
<td>Search</td>
<td>Design</td>
<td>Authorization</td>
</tr>
</tbody>
</table>

Internal interrupt
New option interrupt
External interrupt
**Process Mode** (AOL-Time Warner Merger 2000)

<table>
<thead>
<tr>
<th>IDENTIFICATION</th>
<th>DEVELOPMENT</th>
<th>SELECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AOL:</strong> Research identified 3 types of companies to buy</td>
<td><strong>Search</strong></td>
<td><strong>Screen</strong></td>
</tr>
<tr>
<td><strong>Diagnosis</strong></td>
<td><strong>Design</strong></td>
<td><strong>Judge-ment</strong></td>
</tr>
<tr>
<td><strong>Recognition</strong></td>
<td><strong>Analysis</strong></td>
<td><strong>Authorization</strong></td>
</tr>
<tr>
<td><strong>TW:</strong> Problem how to be an Internet player</td>
<td><strong>Bargaining</strong></td>
<td>Approval by • Board • Shareholders</td>
</tr>
<tr>
<td><strong>Internal interrupt</strong></td>
<td>New option interrupt</td>
<td><strong>AOL accepts 55-45 split</strong></td>
</tr>
<tr>
<td><strong>AOL: Opportunity use shares to make acquisition</strong></td>
<td><strong>Nov 1 meeting: both sides agree to proceed</strong></td>
<td>Government review</td>
</tr>
<tr>
<td><strong>TW:</strong> Past failures led to mindset</td>
<td><strong>Sherpa stage: customizing an acceptable solution</strong></td>
<td></td>
</tr>
<tr>
<td><strong>External interrupt</strong></td>
<td><strong>J+A+B: 50-50 60-40 AOL accepts 55-45 split</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Political Mode**

- **Environmental uncertainty**
- **Resource dependency**
- **Task interdependency**
- **Goal conflict**

**Building power base**
1. Create dependencies
2. Control resources
3. Control strategic uncertainties

**Exercising power in decision making**
1. Expand coalitions, networks
2. Control decision premises
3. Enhance expertise
4. Make preferences explicit
Why did Soviet Union place offensive missiles in Cuba?

- Environmental uncertainty
- Resource dependency
- Task interdependency
- Goal conflict

Groups pursue different goals:
- Remove missiles
- Remove Castro
- Avoid nuclear war

Politics of Choice (Cuban Missile Crisis 1962)

**AIR STRIKE**
- JCS: Massive air strike
- Invasion
- Ball, RFK opposed: "Pearl Harbor"
- JFK: Retaliatory attack on Berlin
- Bundy, McNamara, RFK, Sorensen: opposed strongly
- McConne, Taylor: Air strike option revived
- Taylor: Air strike

**BLOCKADE + NEGOTIATE**
- McNamara: Blockade future weapons
- McNamara, Stevenson: Blockade + Negotiate
- RFK: Blockade + Negotiate

**BLOCKADE + ULTIMATUM**
- Thompson, Bohlen, Dillon: Blockade + Ultimatum
  (no negotiations)
- RFK: Blockade + Ultimatum + (Military action)
  (Dillon, Thompson, McCone)

**DIPLOMATIC PRESSURE**
- Rusk: Consult with allies
- Warn Castro

Building power base

1. Control strategic uncertainties
2. Create dependencies
3. Provide resources

Exercising power in decision making

1. Building coalitions / expand networks
2. Control decision premises
3. Enhance expertise
4. Make preferences explicit

Political Model

- Organizations as coalitions
- Procedural rationality
  - ExCom, secret meetings
  - Consultation with experts
  - President makes decision

4. Options candidly, persuasively argued

1. Well defined groups and coalitions
2. JCS introduce new premise of removing communist threat
3. Air Force asserts its capabilities
4. Diplomats stress their experience
The Garbage Can Model Case: Closing of the Speech Program in a University

Goals and processes were unclear and problematic:
- What was to be the future of the speech program?
- Informal discussions between associate dean and speech faculty

Participation was fluid:
- Leadership changes: Dean of college, Associate dean, Chair of department
- Movement of faculty and students

Decision making by FLIGHT:
- Many faculty left the speech program
- Many parts of the speech program transferred to other departments

Decision making by OVERSIGHT:
- New associate dean reviewing contract renewal, recommended closing of program
- Decision to close program was approved in response to a different problem: university wanted “to find ways of saving money in the university budget”
- Different types of decision problems require different decision making modes
- A single decision problem may evolve through a number of decision modes

**Decision Making Dynamics**

- **Goal Ambiguity / Conflict**
  - Low
  - High

- **Procedural Uncertainty**
  - Low
  - High

1. Rational mode
2. Process mode
3. Anarchy mode
4. Political mode

**Department A**
- Future of Speech Program?
  - No senior faculty
  - What to do with PhD program?
- Leadership changes
  - Faculty retired, resigned
  - Students moved, transferred

**Department B**
- Decision on future of program
  - Hiring and renewing faculty
  - University budgeting
- Restructure program
  - Form new department
  - Move programs to new units
  - Close programs

**Committees**
- Participants
- Problems
- Solutions
- Choice Opportunities

- Ps
- Ss
- COs
- PARs
### Implications for Decision Making

**Bounded Rationality**
- For decision environments that are stable and structured, and where there is a need to be efficient, transparent, or accountable

**Process Model**
- For decisions that are new, complex and consequential; where the solution justifies an investment of systematic search or development

**Political Model**
- For decisions in which many different sides are involved, many groups may be affected, and where subsequent buy-in and support is important

**Anarchy Model**
- For decision environments that are ambiguous and in constant change, where there is a need for radical or creative solutions
Information Seeking and Use in Decisional Modes

- **Anarchy mode**
  - Low INFORMATION SEEKING (breadth)
  - Low INFORMATION USE (control)
  - Uncoupled
  - Random
  - Attach solutions to problems

- **Rational mode**
  - Low INFORMATION SEEKING (breadth)
  - High INFORMATION USE (control)
  - Local
  - Problemistic
  - Selective
  - Biased
  - Develop custom or readymade solution

- **Political mode**
  - High INFORMATION SEEKING (breadth)
  - Low INFORMATION USE (control)
  - Selective
  - Biased
  - Process

- **Process mode**
  - High INFORMATION SEEKING (breadth)
  - High INFORMATION USE (control)
  - Iterative
  - Multiple

Realities of Organizational Decision Making

**Some Things a Manager Cannot Do Much About**
- The fact that ODM is not a totally rational, orderly process
- The nature of managerial work: fragmented, action oriented, short spans
- People are limited information processors
- Fundamental forces in the organization’s external and internal environment

**Some Things Individual Managers Can Do**
- Choose problems to work on: when to fight, when to cut losses
- Develop diverse set of decision skills for different situations
- Know yourself: strengths, weaknesses, hotbuttons, blindspots
- Develop sound knowledge of the business and good working relationships

**Some Things The Organization Can Do**
- Promote ethical and transparent decision making
- Develop a culture of vigilant information processing
- Provide assignments where DM skills can be developed
- Communicate, clarify goals and objectives, as well as methods and processes

(Adapted from McCall & Kaplan 1991)