

- **Decision:** A choice made between alternative courses of actions in situation of uncertainty
- **Rational decision:** Is a decision based on available information, weighing up advantages + disadvantages in a logical manner
- **Intuitive decision:** is where a decision is made mainly from feelings or values rather than from rational thinking. May draw on expertise.

Factors effecting decision making may include

- **Cognitive bias:** based on short cuts but may lead to the wrong place
 - Human thinking tends to be bias
 - May lead to irrationality or unpredictability when making decisions, therefor may be detrimental
 - **Types:** *confirmation bias*- searching for information that supports your preconceptions, *negativity bias*- giving more weight to negative info rather than positive, *bandwagon*- where tendency to believe/do something because other people do.
- **Uncertainty & risk:**
 - All decisions have an alternative solution. The *risk* of getting an alternative solution can be determined by statistics and whatever the risk may decide the decision we make. If we have lots of information it reduces the risk associated with uncertainty
 - Risk perception can be determined by:
- **Framing:**
 - Is how you contextualising an argument within a world view. It will effect way you look at it. Decision making may be irrational if it is framed in certain way.
- **Types of decisions:**
 - **Structured (programmable = a condition will always have same output ie no stock = always refill) decision:** a routine decision: occurs frequently, structure is clear, way to handle it is known
 - **Semi-structured:** some aspect programming others not, require judgement
 - **Unstructured decision:** a decision which corresponds to an unstructured problem. There is no well-known set of procedures to do the decision and situations are one off
- **Level or management and decisions:**
 - **Operational level:** usually routine structural decisions. Basically the *lower management* May be automated eg: Order processing, inventory control
 - **Managemental level:** decisions are made by manager's output is based on judgement calls. Eg: human resource reporting
 - **Strategical level:** usually unstructured, longer range decisions are made. Requires high level judgment from top level manager/executives eg: investments
- Information helps with decisions by:

- Helping us understand objective of a decision
 - Understanding constraints that limit the number of alternatives
 - identify alternative themselves
 - compare and select among alternatives
- **There are two theories/ideas on how a decision is made:**
 - **Classical decision theory: (assume perfect rationality: any objective decision maker would make the same decision all the time)** is the classical approach to decision making assumed with ideal situation:
 - There is no uncertainty
 - All info is available
 - Consequences known
 - There is a clear criteria to evaluate the choices.