

06/05/2009
FEBRUARY

Prof. Ajay K Singh 2009

06

037-328 • WEEK 06

FRIDAY

Semester V

Management Control technique 504

NOTES

Managers make a decision under different conditions

Decision Making under Certainty: -

Decision making is needed whenever an individual or an organisation (private or public) is faced with a situation of selecting an optimal or best in respect of their objectives course of action from among several available alternatives.

eg. → A person has to decide whether to purchase a flat or build a home as per his budget, or he may also decide whether to live in a rented accommodation, whether to join a service or start a business, which company's car is better etc.

→ A Decision maker or person can decide what to do in the prevailing condition or situation. It depends on certain things like his income, budget, need or satisfaction but he can make his decision under Certainty.

The quality of decision made in an organization or by a person will dictate success or failure of the said decision.

NOTES

→ Under Certainty type of environment the decision is sure and certain by its nature. This means all the information is available at hand.

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SATURDAY

NOTES

In an organization, the managers have all the information they may need to make an ~~information~~ well thought out decision. All the ~~decisions~~ alternatives and their outcomes can also be analyzed and then the manager chooses the best alternative. *Then this well thought out decision is taken under the condition of Certainty.*

→ Under conditions of certainty, accurate, measurable and reliable information is available.

Decision Making Under Uncertainty

In a situation of uncertainty, people have no idea about the reliability of data. They are very unsure about whether or not a situation may change.