THE FEATURES OF DECISION MAKING PROCESS IN INTERNATIONAL COMPANIES. ARE COMPANIES IN CONTROL OF THEIR OWN DECISIONS?

Anastasia JELEVA  
Academy of Economic Studies of Moldova  
E-mail: jeleva.anastasia@gmail.com

Victoria-Regina PACALO  
Bachelor degree holder in Economic and Social Administration from University of Sophia Antipolis, France

Larisa DODU-GUGEA  
PhD, Assist. Prof., Academy of Economic Studies of Moldova  
E-mail: dodu_gugea@yahoo.com

Abstract

The following article deals with the main causes of irrational decision making process in companies and with respective solutions to make decisions more rational and effective. With the aid of relevant literature, the ways managers, groups and leaders make decisions in reality will be clarified. Besides, the solutions to rational decisions examined through the perspective of managers, leaders and groups. Thus, the background of this article is the question “Are companies in control of their own decisions?” In addition, this paper includes relevant information about the features of decision making process, basic types of decisions, describes the most essential approach in management regarding to decision making and presents the top worst and best business decisions of all time.

Keywords: decision making process; rational and irrational decisions; routine and nonroutine decisions (programmed and nonprogrammed decisions); strategic decisions; tactical decisions; operational decisions; managerial, group, leaders decision making process; rational decision-making model, analysis paralysis; strategies to improve decision-making process; top worst vs best business decisions in management.

Introduction and definition of decision making process.

Over the years, decision making process was one of the primordial activities for people. Made rational or irrational, decisions shape people’s lives which Hammond, Keeney & Raiffa describes as “a fundamental tool used in facing opportunities, the challenges and the uncertainties of life” [1].

A lot of research on decision making is done in order to show people’s common mistakes and effective methods to overcome them, which will be described in this article. Therefore, the
The main focus of these papers will be on the ways companies make decisions in reality and on the methods they can use to make those decisions more rational, presenting some companies as examples in international management. Thus, there are different definitions concerning decision making process as following: Harrison defined a decision making process as “an ongoing process of evaluating alternatives at which expectations about a particular course of action impel the decision maker to select that course of action most likely to result in attaining the objective” [2]. The Oxford Dictionary defines the term decision-making as "the action of carrying out or carrying into effect".

Another modern and simple definition regarding to this subject explains that decision making is “process of selecting a logical choice from the available options.

When trying to make a good decision, a person must weigh the positives and negatives of each option, and consider all the alternatives. For effective decision making, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation.” [3]

While it can be argued that management is decision making, half of the decisions made by managers within organizations fail. In this way, a large number of people think that companies conceive brilliantly every decision, still in many cases; they tend to make irrational choices due to limited time, bounded rationality and other causes which will be explained in this paper. Therefore, increasing effectiveness in decision making is an important part of maximizing your effectiveness at work.

Individuals throughout organizations use the information they gather to make a wide range of decisions. These decisions may affect the lives of others and change the course of an organization. For example, the decisions made by executives and consulting firms for Enron ultimately resulted in a $60 billion loss for investors, thousands of employees without jobs, and the loss of all employee retirement funds. But Sherron Watkins, a former Enron employee and now-famous whistleblower, uncovered the accounting problems and tried to enact change. Similarly, the decisions made by firms to trade in mortgage-backed securities is having negative consequences for the entire U.S. economy. Each of these people made a decision, and each person, as well as others, is now living with the consequences of his or her decisions.

Because many decisions involve an ethical component, one of the most important considerations in management is whether the decisions you are making as an employee or manager are ethical. Here are some basic questions you can ask yourself to assess the ethics of a decision. [4] (Blanchard & Peale, 1988) Is this decision fair?

- Will I feel better or worse about myself after I make this decision?
1. The basic types of decisions. Routine (programmed) and nonroutine (also called nonprogrammed) decisions.

Pringle et al. classify decisions on a continuum ranging from routine to nonroutine, depending on the extent to which they are structured.

They describe routine decisions as focusing on well-structured situations that recur frequently, involve standard decision procedures, and entail a minimum of uncertainty.

For example, many restaurants face customer complaints as a routine part of doing business. Because this is a recurring problem for restaurants, it may be regarded as a programmed decision. To deal with this problem, the restaurant might have a policy stating that every time they receive a valid customer complaint, the customer should receive a free dessert, which represents a decision rule. Another common examples include payroll processing, reordering standard inventory items, paying suppliers, and so on.

The decision maker can usually rely on policies, rules, past precedents, standardized methods of processing, or computational techniques. Probably 90 percent of management decisions are largely routine. Indeed, routine decisions usually can be delegated to lower levels to be made within established policy limits, and increasingly they can be programmed for computer “decision” if they can be structured simply enough.

Nonroutine decisions (called also nonprogrammed), on the other hand, “deal with unstructured situations of a novel, nonrecurring nature,” often involving incomplete knowledge, high uncertainty, and the use of subjective judgment or even intuition, where “no alternative can be proved to be the best possible solution to the particular problem.” Such decisions become more and more common the higher one goes in management and the longer the future period influenced by the decision is. [5]

In other words these decisions are unique and important require conscious thinking, information gathering, and careful consideration of alternatives. For example, in 2005, McDonald’s became aware of a need to respond to growing customer concerns regarding foods high in fat and calories. This is a nonprogrammed decision because for several decades, customers of fast-food restaurants were more concerned with the taste and price of the food, rather than the healthiness. In response, McDonald’s decided to offer healthier alternatives, such as substituting apple slices in Happy Meals for French fries and discontinuing the use of
trans fats. A crisis situation also constitutes a nonprogrammed decision for companies. For example, the leadership of Nutrorim was facing a tough decision. They had recently introduced a new product, ChargeUp with Lipitrene, an improved version of their popular sports drink powder, ChargeUp. But a phone call came from a state health department to inform them that several cases of gastrointestinal distress had been reported after people consumed the new product. Nutrorim decided to recall ChargeUp with Lipitrene immediately. Two weeks later, it became clear that the gastrointestinal problems were unrelated to ChargeUp with Lipitrene. However, the damage to the brand and to the balance sheets was already done. This unfortunate decision caused Nutrorim to rethink the way decisions were made under pressure so that they now gather information to make informed choices even when time is of the essence. [6] p.18–23.

Decision making can also be classified into three categories based on the level at which they occur. Strategic decisions set the course of organization. Tactical decisions are decisions about how things will get done. Finally, operational decisions are decisions that employees make each day to run the organization. For example, remember the restaurant that routinely offers a free dessert when a customer complaint is received. The owner of the restaurant made a strategic decision to have great customer service. The manager of the restaurant implemented the free dessert policy as a way to handle customer complaints, which is a tactical decision. And, the servers at the restaurant are making individual decisions each day evaluating whether each customer complaint received is legitimate to warrant a free dessert.
2. The managerial decision making process. Are companies in control of their own decisions?

Decision making is fundamental part of managerial activity. During years, managers endeavor to increase their performance; however, they do not cease to tend to make irrational choices. According to Hammond, Keeney & Raiffa, it occurs due to inaccurate information collected, negligence in defining the costs and benefits of the particular decision or failure in establishing practical alternatives [7]. These common mistakes were examined also by Harrison who thinks that executives have tendency to collect a large amount of information rather than to use it rationally. Moreover, while making a decision, first, they disregard essential information and then, after experiencing a failure, they look for it. In fact, in most cases, a great part of collected information is not connected to the actual issues managers deal with. [2]

Another cause of irrational decisions is uncertainty. It is one of the most challenging phenomena managers face. This issue was examined by Watson & Buede who think that the
complexity of decision making is owing to an array of uncertainties. For instance, they state that a manufacturing company’s manager might say “If I only knew what my competitor intended, then I would see more clearly what to do, but, because I am uncertain, I find it difficult to decide”. [9] As a result, managers are more focused on the intricacy of a problem, rather than on workable strategies for solving it.

Besides, they are influenced by past events which are real obstacle to the company’s performance. According to the Howard & Abbas, it is common for managers to say “We tried this last time and it did not work, so this time we will try something else” or vice versa. [10] Past events were also examined by Hammond, Keeney & Raiffa who demonstrated that this problem represents an anchor to rational thinking. For instance, when managers promote a product, they tend to focus on past sales volume; however, this approach leads to the underestimation of potential factors that can change the future sales flow. [7]

3. Group decision making process

In a company it is important to have groups that use effectively available resources to make rational choices. Periodically it is a common misconception that groups are rational every time. According to Harrison, people often tend to think that groups have a higher probability to make good decisions rather than individuals do, however, groups also tend to be inaccurate in their choices. An irrational decision can be a result of so called “deindividuation” a problem examined by Harrison. The common characteristic of this problem is the members’ tendency to worry about their identity in the group. As a result; they often hide their ideas in order not to be criticized by others. [2]

Furthermore, Sunstein & Hastie state that members are not eager to develop their judgments due to the fear of being irrational. Besides, they do not want to make their leader mad. [11]

Periodically groups fail due to limited time. According to Harrison, groups use a large amount of time to achieve a compromise. Hence, even this compromise is effective in case it was developed by qualified members; otherwise it is only a way to make irrational decisions. [2] In addition, and even qualified members can make mistakes. This phenomenon was examined by Goodwin & Wright who state that people who work in the same environment come approximately with similar judgments. Hence, they do not endeavor to look for new information or alternatives, just to have a different point of view that can change the whole situation. In addition, sometimes, the information can be invalid and this leads to irrational
decisions. [12] Sunstein & Hastie state that members tend to strengthen and multiply the errors of their colleagues, instead of correcting them. [11]

4. Leaders decision making process

It is common to hear that leaders are great decision makers; however people’s brains are not equipped to make perfect business decisions every time. Some causes that influence them to act irrational were examined by Dipaolo who states that leaders often fail to make rational decisions due to the chase after power, social position and money. Hence, they are more influenced by self interest rather than by aspirations. [8] This tendency leads them to focus on interests not on alternatives. In addition, the problem of power was also examined by Thompson who states that leadership does not mean the gain of large amount of money or the higher probability to be promoted into well-known corporations. It means the ability to find workable alternatives for solving difficult situations. [13]

Moreover some leaders make irrational decisions, due to the unwillingness to improve their performance. Koestenbaum has claimed that these leaders are below the line with no standards or values. They are not eager to become professionals in their environment and this is a potential threat to their companies. [14]

Periodically, leaders fail due to their arrogance. DiPaolo thinks that overconfidence is a major reason why leaders fail making estimates, judgments and forecasts. [8] Indeed, confident leaders are rational until they do not become overconfident.

Another cause of irrational choices is unbalanced emotions. For instance, stressful leaders cannot use time, information and resources effectively while making a decision.

Thompson states that sometimes, emotions have negative impact on leaders’ cognitive intelligence. Moreover he thinks that stress was a major reason why a large number of corporations failed. Starting in 2007, companies such as: Enron, WorldCom, Tyco and other USA corporations began to lose their power in global economy due to the leaders who were under high level of stress. Hence, emotional pressures led them to give irrational orders. [13]

5. Making rational decision approach.

In management exist different decision making approaches and one of the most important is: rational decision-making model.

Thus, the rational decision-making model describes a series of steps that decision makers should consider if their goal is to maximize the quality of their outcomes. In other words, if you
want to make sure you make the best choice, going through the formal steps of the rational decision-making model may make sense.

Let’s imagine that your old, clunky car has broken down and you have enough money saved for a substantial down payment on a new car. It is the first major purchase of your life, and you want to make the right choice. The first step, therefore, has already been completed—we know that you want to buy a new car. Next, in step 2, you’ll need to decide which factors are important to you. How many passengers do you want to accommodate?

How important is fuel economy to you? Is safety a major concern? You only have a certain amount of money saved, and you don’t want to take on too much debt, so price range is an important factor as well. If you know you want to have room for at least five adults, get at least 20 miles per gallon, drive a car with a strong safety rating, not spend more than $22,000 on the purchase, and like how it looks, you’ve identified the decision criteria.

All of the potential options for purchasing your car will be evaluated against these criteria.

Before we can move too much further, you need to decide how important each factor is to your decision in step 3. If each is equally important, then there is no need to weight them, but if you know that price and gas mileage are key factors, you might weight them heavily and keep the other criteria with medium importance. Step 4 requires you to generate all alternatives about your options. Then, in step 5, you need to use this information to evaluate each alternative against the criteria you have established. You choose the best alternative (step 6) and you go out and buy your new car (step 7).

Of course, the outcome of this decision will be related to the next decision made; that is where the evaluation in step 8 comes in. For example, if you purchase a car but have nothing but problems with it, you are unlikely to consider the same make and model in purchasing another car the next time! (Figure 2)

While decision makers can get off track during any of these steps, research shows that limiting the search for alternatives in the fourth step can be the most challenging and lead to failure. In fact, one researcher found that no alternative generation occurred in 85% of the decisions studied. [15] p. 414–550. Conversely, successful managers are clear about what they want at the outset of the decision-making process, set objectives for others to respond to, carry out an unrestricted search for solutions, get key people to participate, and avoid using their power to push their perspective. [16] p. 75–90.
The rational decision-making model has important lessons for decision makers. First, when making a decision you may want to make sure that you establish your decision criteria before you search for all alternatives. This would prevent you from liking one option too much and setting your criteria accordingly. For example, let’s say you started browsing for cars before you decided your decision criteria. You may come across a car that you think really reflects your sense of style and make an emotional bond with the car. Then, because of your love for this car, you may say to yourself that the fuel economy of the car and the innovative braking system are the most important criteria. After purchasing it, you may realize that the car is too small for all of your friends to ride in the back seat when you and your brother are sitting in front, which was something you should have thought about! Setting criteria before you search for alternatives may prevent you from making such mistakes. Another advantage of the rational model is that it urges decision makers to generate all alternatives instead of only a few. By generating a large number of alternatives that cover a wide range of possibilities, you are likely to make a more effective decision in which you do not need to sacrifice one criterion for the sake of another.
Despite all its benefits, you may have noticed that this decision-making model involves a number of unrealistic assumptions. It assumes that people understand what decision is to be made, that they know all their available choices, that they have no perceptual biases, and that they want to make optimal decisions. Nobel Prize–winning economist Herbert Simon observed that while the rational decision-making model may be a helpful tool for working through problems, it doesn’t represent how decisions are frequently made within organizations. In fact, Simon argued that it didn’t even come close!

Think about how you make important decisions in your life. Our guess is that you rarely sit down and complete all eight steps in the rational decision-making model. For example, this model proposed that we should search for all possible alternatives before making a decision, but this can be time consuming and individuals are often under time pressure to make decisions. Moreover, even if we had access to all the information, it could be challenging to compare the pros and cons of each alternative and rank them according to our preferences. Anyone who has recently purchased a new laptop computer or cell phone can attest to the challenge of sorting through the different strengths and limitations of each brand, model, and plans offered for support and arriving at the solution that best meets their needs.

In fact, the availability of too much information can lead to analysis paralysis, where more and more time is spent on gathering information and thinking about it, but no decisions actually get made. A senior executive at Hewlett-Packard admits that his company suffered from this spiral of analyzing things for too long to the point where data gathering led to “not making decisions, instead of us making decisions.”[17] p. 93–104]. Moreover, you may not always be interested in reaching an optimal decision. For example, if you are looking to purchase a house, you may be willing and able to invest a great deal of time and energy to find your dream house, but if you are looking for an apartment to rent for the academic year, you may be willing to take the first one that meets your criteria of being clean, close to campus, and within your price range.

6. Methods to improve decision making process

When companies make decisions consciously or unconsciously and these decisions have negative consequences, there are solutions that can solve this problem. According to Harrison, rational decisions require the responsibility to set a goal and to look for practical solutions to achieve this goal. [2]

6.1 Methods to improve managerial decision making process

Despite their failures, managers tend to improve their performance by focusing on related solutions. One of the business practices that assure a rational choice is creating a vision
statement. According to Howard & Abbas, a vision statement helps managers to understand what to do due to its following three questions:

- “What we are doing?”
- “Why we are doing it?”
- “How will we know if we are successful?” [10]

Another rational practice is not focusing only on available alternatives. Hammond, Keeney & Raiffa state that managers should not limit their alternatives regarding a difficult situation. They should continue looking for more rational ones. [7] Harrison also examined this solution and he suggests managers to anticipate all the consequences of a particular selected solution. [2]

Moreover, Hammond, Keeney & Raiffa think that managers should not be aware of making mistakes. Indeed, even the most experienced managers can fail. Hence, they state that emotional equilibrium is a substantial solution for making rational decisions. [7] Besides, for making rational choices; groups should be attentive to statistics. Hastie & Sunstein have claimed that for groups is rational not to be influenced by the illusion of the accuracy of the statistical averages. Periodically, it can lead to errors and is better to look for accuracy only in situations in which most people are likely to be right. [11]

6.2. Methods to improve groups decision making process

A company performance depends on the decisions made by groups. Hence, Harrison thinks that effective decisions are the result of comfortable and relaxed atmosphere in the group. [2] Besides Jennings & Wattam think that groups manage to make rational choices when the members respect each others and do not anticipate the winners in a discussion.

It is a practical way to avoid the fear of expressing their ideas. Moreover, sometimes, new ideas generate disagreements. In fact, Jennings & Wattam state that disagreements make the members to look for more rational solutions. [18]

In addition, Goodwin & Wright state that for effective decisions, groups should obtain members judgments through open discussion or other communication process. It is a reasonable way to find more information on possible alternatives for rational choices. [12]

6.3. Methods to improve leaders decision making process

A large number of decisions which require judgment and creativity are taken by leaders.
Hence, to make rational choices, leaders should regard available solutions for overcoming their mistakes. Thompson states that leaders need to focus on improving their technical, interpersonal and leader skills for making an effective choice.

Moreover, they should endeavor to maintain their emotional equilibrium in order to make intuitive as well as rational decisions. [13] In addition, Koestenbaum states that for rational choices, leaders must understand the meaning of personal responsibility and accountability. [14] Indeed, only actions move the world.

Besides, leaders should refocus their mind. Breaking through new perspectives, is a substantial way to broaden their horizon of knowledge. As a result, new information brings new alternatives for making a rational decision.

7. Top 10 worst business decisions in history

According to [http://www.businessinsurance.org][19] the following rank presents the most costly and regrettable of all time, and will continue to be mocked for years to come.

1. **Ross perot passes on microsoft for cheap**

Cheap is a relative term. At the time, Ross Perot didn't view then-23-year-old Bill Gates' $40-to-$60 million asking price as reasonable, and thus opted not to make a move. It was 1979, and Perot's Electronic Data Systems was worth about $1 billion. The company was looking to invest in a small computer company, and saw Microsoft as an attractive option because it could potentially supply valuable software. Gates was hoping to enter the corporate marketplace, but refused to undersell his hard work. Perot later told the Seattle Times that it was "one of the biggest business mistakes I've ever made."

2. **IBM allows Microsoft to retain copyright for DOS platform**

In 1980, IBM was the king of the computer industry. When it approached Gates to develop an operating system, he took the opportunity, providing PC-DOS in exchange for $80,000 with the stipulation that Microsoft could retain the copyright for the platform. Microsoft in turn created the MS-DOS system, bringing forth a software revolution and ensuring the company would rule over the industry for the next three decades.

3. **Excite passes on Google for $750,000**

Today, Google is valued at $180 billion, a bit more than the $750,000 it could've commanded from Internet portal Excite in 1999. At the time, Excite was a highly-trafficked search engine that was at the forefront of the dot-com boom. Google founders Larry Page and Sergey Brin, recognizing Excite's stature, attempted to sale their search engine for $1 million, eventually reducing their asking price by $250,000. Excite CEO George Bell refused. A few
years later, his company was purchased by Ask Jeeves following a major decline in the value of its stock.

4. **Edwin Drake fails to patent his oil drill**

Extracting large quantities of oil from reserves was a seemingly impossible task in 1858, but Drake wasn't afraid to work to make it a happen. Stationed in Titusville, Pennsylvania, he spent a year looking for a solution without results. After employing a local blacksmith, he built a derrick of pine wood, surrounded the drill with a pipe to keep water out, and drilled for weeks until he finally procured the black gold. Unfortunately, Drake was later fired by his company and he lost all of his money on Wall Street, just as many Americans took advantage of the opportunity to get rich quick. His failure to patent his invention resulted in the loss of millions, though the state of Pennsylvania and oil barons eventually paid him to express their gratitude.

5. **Western Union passes on the telephone for $100,000**

Already a communications giant with its telegraph monopoly, Western Union felt little need to take risks they deemed as unnecessary in 1876. Sticking to his guns, company president William Orton turned down Gardiner Greene Hubbard's offer to sell the patent to the telephone for a mere $100,000. According to Orton, the invention lacked "commercial possibilities" and resembled an "electrical toy." In the end, he missed out, and AT&T became America's telecommunications giant.

6. **M&Ms passes on the opportunity to appear in E.T.**

Reese's Pieces have been among the most popular candies of the past three decades due, in large part, to their appearance in E.T., in which they were used by Elliot to lure the little alien out of hiding. The Hershey Company can thank competitor Mars, Inc. for the success, as it turned down Amblin Productions when it approached it for permission to use the popular bite-sized chocolate candy. It's unclear why the decision was made, but many possible explanations have been offered through the years, including a rather mundane one claiming Mars had reached its advertising budget limit.

7. **Ever-popular Coke introduces a new formula**

Almost 100 years old in 1985, Coke was the world's leading soft drink and a marketing force. Drastic change certainly wasn't necessary, which is why so many Coke drinkers were perplexed when the company unveiled New Coke. A major aspect of the drink's appeal, in addition to the distinct taste, was the emotional connection it had formed with customers. That connection was compromised, causing a flurry of complaints to the company and eventually forcing it to acknowledge the mistake, despite the fact that New Coke had received favorable
ratings in taste tests. Coca-Cola Classic was then released to placate the masses and reinvigorate sales.

8. **Decca Records passes on the Beatles**

The Beatles' audition for Decca Records on New Year's Day 1961 was less than perfect, as the group was nervous and eager to earn a record deal. Even still, they felt good about their chances, and hoped to proceed with the next step of their careers. Ultimately, the decision was made by A&R representative Mike Smith to instead sign a local act from London, Brian Poole and the Tremeloes, the safer choice. Decca's reasoning was that "guitar groups are on the way out." The Beatles went on to become the best-selling band in the history of the world, starting a cultural revolution in the process.

9. **NBC and CBS pass on Monday Night Football**

Baseball was still America's pastime in the late '60s, but football was emerging as the country's passion. The impending AFL-NFL merger would cause the newly-minted league to explode in popularity and become an extremely valuable television property. Commissioner Pete Rozelle foresaw the success of a weekly primetime game, initially approaching CBS and NBC to negotiate a contract. Both networks were reluctant to reach a deal, however, as they didn't want sacrifice successful programs such as the Doris Day Show and Laugh-In. Rozelle then went to last-placed ABC, which was more open to the idea, and Monday Night Football became one of the longest-running and consistently highest-rated televisions series of all time.

10. **ABC passes on The Cosby Show**

You win some, you lose some. Such was the case when ABC passed on The Cosby Show several years after it opted to broadcast Monday Night Football. In the mid-'80s, the network was still stuck in third place, with MNF essentially being its most-popular program. Entertainment Division President Lewis Erlicht received Cosby's first pitch, but turned it down because, according to Erlicht, Cosby asked for a commitment without providing substance such as a script or pilot episode. The program became an instant hit, ranking No. 3 in the Nielsen ratings during its first season and No. 1 during the next five seasons, catapulting NBC to the No. 1 spot among the networks.

8. **The greatest business decisions of all time**

Business leaders make thousands of decisions each year, and sometimes, a single decision can have a powerful far reaching impact. In the book, The Greatest Business Decisions of All Time, Verne Harnish explores those “black swan” decisions that brought great success at
companies like Zappos, Intel, Tata, Toyota and many others. Below is Harnish’s personal list of the greatest business decisions of all time.

(http://www.forbes.com/sites/kevinkruse/2013/05/22/business-decisions/#6e71bbe14fa3)

- **Greatest Decision—General Electric.** Jack Welch’s decision to fully fund a first-in-class training center at Crotonville, led to the development of hundreds of great leaders who practiced the “GE Way”.

- **Greatest Decision—Samsung.** Their decision to launch a sabbatical program that sends top talent all around the world continues to be the secret behind Samsung’s success as a global brand.

- **Greatest Decision—Wal-Mart.** Sam Walton’s decision to hold Saturday morning, all-employee meetings led to a culture of rapid information and decision making, which in turn created one of the biggest companies in the world.

- **Greatest Decision—Apple.** The board’s decision to bring back Steve Jobs, after firing him a decade earlier, led to amazing product innovation and to the creation of one of the most valuable companies in the world.

- **Greatest Decision—Ford.** Henry Ford’s decision to double the wages of his workers enabled him to attract the talent he needed, and helped insures a class of worker who could afford the very products they were building.

**Conclusion**

The decision making is a really complex process which involves time, knowledges and attention. Even though people tend to think that companies are in control of their own decisions, there are traps that reveal their irrationality in making choices. This article shows multiple causes why managers, groups and leaders fail to make rational decisions.

Despite their qualification, in most cases, they are influenced by bounded rationality.

Managers are focusing on past events or on intricacy of the problem rather than on workable alternatives to solve it. Due to uncertainty, they can be easily influenced by inaccurate information which in most cases is not connected to the actual issues they face.

Even though it is common to hear that groups make more rational decisions than individuals, this paper reveals that there are factors that have negative impacts on their decision making process. The fear of not being irrational, similar judgments or limited time can be potential factors of irrational decisions.
In most cases, leaders are seen as professionals in their field of activity, however, the chase after money, power and self-interest influence them to make rational decisions.

Despite this, in this work paper are shown solutions to rational decisions: responsibility, emotional equilibrium, the willingness to find more alternatives and open discussion is among the factors which assure the control of their own decisions.

References:


