Chapter XIII

Group Decision And Negotiation In Strategic-Decision-Making

Introduction

In the previous chapters, decisions models have been modeled based on the economic point of view of the problem expressed mainly through quantitative values and, in some cases by qualitative representation. The economic perspective draws unique coherence from economic assumptions of rational behavior and it draws predictive power from strongly valid rules of influence that employ mathematical or logical operators. Because the decision must be expressed in a way that is compatible with the rules of inference, great simplicity, and structure are required. In strategic decision making problems great effort has been directed toward relaxing the mathematical constraints, while retaining the economic — logic inference.

Another important aspect to be considered is that in both theoretical and practical decision-making models, fixed numbers of decision alternatives or prefixed value of parameters have been considered. The major inputs to the analysis of an econometric model of decision-making process are subjective
probabilities, utility values, and decision tree structures. Individuals may differ in their subjective value of probabilities, their utilities of outcomes or in their perceptions of the subsequent actions available. Strategic decision problems involve not only one person’s opinion but involve a group of individuals belonging to different classes and levels of interests inside and outside the organization. No longer is the problem concerned with the selection of the preferred alternative of one person. The analysis must be extended for a group of decision-makers, each one exhibiting a certain preference structure, perceiving different consequences, and corresponding to a diverse set of interest and responsibility. In some cases, depending on the number of persons involved as well as on the nature of the decision problem (for instance, promoting or hiring persons or, electing the president) it will be necessary to adopt a voting system.

How can different groups of individual affect a decision-making process? In this chapter, we consider some behavioral aspects of individuals and group of individuals that may affect a decision-making process.

Behavioral perspectives of competitive decision-making are neither as well articulated nor as complete as those of economic view. In behavioral views cognitive limitations and the use of mental effort are emphasized. In contrast to the rational approach of the economic frame, the behavioral views acknowledge that players may adopt different kind of rationality.

### Individual and Group Behavioral Models

Behavioral theory, adopted by the social sciences, reminds us that competition which occurs in practice does not take into account just systematic and logical decisions about wins and losses. The behavioral perspective examines which attitude an administrator or a business assumes when faced with a given situation. It is a way of explaining how the decision alternatives were selected to formulate the strategy. It also works to minimize the influence of the subjective determination of the qualitative and quantitative values of the parameters involved.

In general, strategic decision-making is a procedure for making decisions working against some competitor or against the state of nature. The states of
Related Content

Reliability Based Maintenance of Industrial Assets
www.igi-global.com/chapter/reliability-based-maintenance-of-industrial-assets/164062?camid=4v1a

DSS for Web Mining Using Recommendation System
www.igi-global.com/chapter/dss-for-web-mining-using-recommendation-system/173821?camid=4v1a

Parameter Reduction in Soft Set Models and Application in Decision Making
www.igi-global.com/chapter/parameter-reduction-in-soft-set-models-and-application-in-decision-making/169494?camid=4v1a

Fuzzy Judgments and Fuzzy Sets
www.igi-global.com/article/fuzzy-judgments-fuzzy-sets/40997?camid=4v1a