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- **ADMINISTRATIVE THEORY OF HERBERT SIMON.**

Herbert Alexander Simon

Born June 15, 1916, Milwaukee, Wisconsin,
U.S.—Died Feb. 9, 2001, Pittsburgh,
Pennsylvania, U.S



Nobel Prize for Economics in 1978

**American social
scientist,
Psychology,
Mathematics,
Statistics,
Operations research
Highest Honor in the
Computer science.**



Early Life

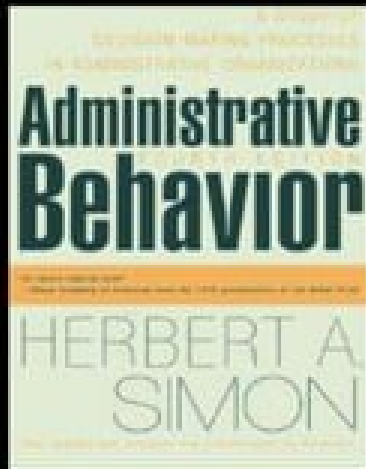
Simon graduated from the University of Chicago in 1936 and earned a doctorate in political science there in 1943. After holding various posts in political science, he became a professor of administration and psychology at the Carnegie Institute of Technology in 1949, later becoming the Richard King Mellon University Professor of Computer Science and Psychology there.

*He is best known for his work on the theory of corporate decision making known as “behaviourism.” In his influential book *Administrative Behavior* (1947), Simon sought to replace the highly simplified classical approach to economic modeling—based on a concept of the single decision-making, profit-maximizing with an approach that recognized multiple factors that contribute to decision making.*

Administrative Behavior

Herbert A. Simon was 31 years old when he published his book "Administrative Behavior" in 1947. The aim of the book was to show how organizations can be understood in terms of their decision processes.

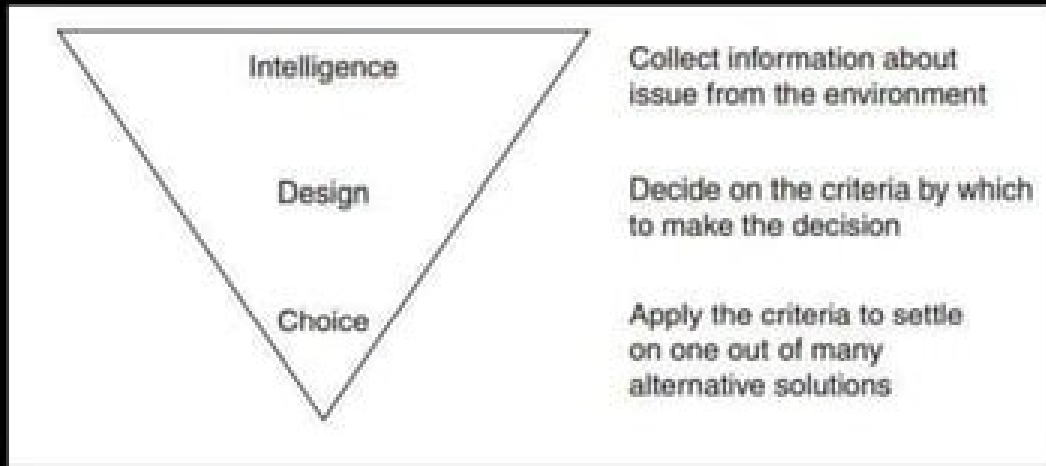
His central point is that decision-making is the heart of administration. The language and conceptual framework for describing administration must be based on the logic and psychology of human choice, i.e. economic theory and psychology.



The description of Simons work is organized in the following sections:

- The Economic Man outlines the ideal and rational model for decision-making.
- - The Administrative Man describes how decision-making is performed "in reality".
- - Simons Organizational Perspective summarizes the organizational perspective as it appears from the book "Administrative Behavior".

Decision Making Model



PESTLE

**POLITICAL
ECONOMIC
SOCIAL
TECHNOLOGICAL
LEGAL
ENVIRONMENT**

1. What is Problem?
2. Development of Alternative to Solve that problem.
3. Selection of best Alternative out of all Alternative.

Type of Decisions

Programmed

- Structured
- Common Problem already faced many time

Non-programmed

- Unstructured
- New
- Thinking skills
- Originality of Thought
- Research

Programmed versus Non programmed Decisions

Characteristics	Programmed Decisions	Nonprogrammed Decisions
Type of problem	Structured	Unstructured
Managerial level	Lower levels	Upper levels
Frequency	Repetitive, routine	New, unusual
Information	Readily available	Ambiguous or incomplete
Goals	Clear, specific	Vague
Time frame for solution	Short	Relatively long

Administrative Man:

Simon has given the concept of administrative man as the model of decision-making. The model is based on the following assumptions:

- (i) Administrative man adopts satisfaction approach in decision-making rather than the maximizing approach of economic man.
- (ii) He perceives the world as a simplified model of real world. Thus, he remains content with simplification,
- (iii) He is able to make decisions with relatively simple rule of thumb, or tricks of trade, or force of habit. The administrative man model describes the decision-making process of managers rather than alternative thereby of economic man.

Environmental forces

Time and Cost Constraints

Nature of Alternative

Availability or Awareness of Advancement

ADMINISTRATIVE MAN

Personal
Factor

Information
Factors

Bounded Rationality

Organization
Factors

Nature of Organizational

Any questions?



Thank you