



Bounded Rationality in Decision-Making

José G. Vargas-Hernández, M.B.A.; Ph.D.

University Center for Economic and Managerial Sciences. University of Guadalajara
Periférico Norte 799, Edif G201-7, Núcleo Universitario Los Belenes
Zapopan, Jalisco, 45100, México, jvargas2006@gmail.com

Ricardo Pérez Ortega

Maestría en Negocios y Estudios Económicos.
Centro Universitario de Ciencias Económico Administrativas. Universidad de Guadalajara,
Periférico Norte 799, Edif G201-7, Núcleo Universitario Los Belenes
Zapopan, Jalisco, 45100, México

Abstract

The purpose of this paper is to study the relationship between rationality and decision making. As a specific objective it will be explained the benefit of learning in the decision making process derived from its results. The research question is: How does bounded rationality impact the decision making of organizations? The initial hypothesis is that the organization, as a social system, seeks to maintain the balance between the behavior that determines the positions of people and the structure of values and beliefs shared among them, but that is bounded to the rationality of the decision maker. The research method used is descriptive, being a qualitative analysis, that follows from the understanding of the behavioral theory of the firm also the behavioral decision theory, in terms of behavioral decision-making processes and the analysis through learning. The main conclusion is that bounded rationality occurs when companies lack context information of the results of their actions, being forced to make less than optimal decisions because they have to adjust to the conditions in which they operate. Decisions involve a commitment of large amounts of resources of the organization for the fulfillment of the objectives and purposes of the organization through the appropriate means. These means can be translated into models that help reduce the limits of rationality in organizations.

Keywords: Decision making, bounded rationality, learning process.