

Satisficing Behavior

A decision maker is said to exhibit *satisficing behavior* when he or she chooses an alternative that meets one or more specified criteria, but that need not be optimal with respect to any particular set of preferences or objectives. For example, a chief executive officer might hope to achieve an acceptable performance on the dimensions of revenue growth, cost stability, customer and employee satisfaction, and risk management; without seeking to attain the highest possible level of expected after-tax profits.

“Satisficing” was the term selected by Herbert A. Simon to refer to a mode of decision making that he viewed as more realistic than the “maximizing” ordinarily postulated in economic theory and related areas of social science. (Contrary to what is often assumed, he did not invent this term himself by redundantly melding “satisfy” and “suffice,” but rather rescued from oblivion an archaic word that he claimed was of Scottish origin.) Simon’s strong and iconoclastic convictions about the nature of human decision processes were influenced by his “anthropological field study,” conducted in 1934–35, of the behavior of public works administrators in Milwaukee, Wisconsin. Like managers everywhere, the municipal officials responsible for this city’s recreation program — and in particular its public playgrounds — had limited resources available for a variety of commendable uses, such as routine maintenance of equipment, safety inspections and upgrades, landscaping and general beautification, and supervision of children at play. While an idealized rational agent would in this situation endeavor to equate the “marginal value” of spending on each such use, Simon found that the administrators he met failed to behave in a way that could plausibly be described in these terms. The obvious reason for this failure was that they had no sensible basis for quantitative measurement of the value function that a marginal analysis would have required, and that even in general terms the several divisional managers tended not to agree on which expenditures should be given priority. In environments of this sort, Simon argued, the successful decision maker would be the one who resisted becoming preoccupied with a particular “subgoal” (e.g., improving the visual appeal of Milwaukee playgrounds), who thereby managed to achieve an acceptable result on all important dimensions of performance, and who did not waste time attempting to lend his or her tradeoffs between various objectives a spurious exactitude.

While Simon’s writings on this topic have undeniably been influential, opinion remains divided as to the importance of his critique and the usefulness of the notion of satisficing for modeling purposes. It has also been suggested that behavior with the appearance of satisficing could result from optimal decision making with the costs of deliberation and information gathering taken into account, although Simon himself explicitly rejected such proposals.

Christopher J. Tyson

See also Bounded rationality; Decision-making; Optimal decision making; Rational choice theory

Further Readings and References

Simon, H. A. (1947). *Administrative behavior*. New York: Macmillan.

Simon, H. A. (1957). *Models of man*. New York: John Wiley and Sons.

Simon, H. A. (1959). Theories of decision-making in economics and behavioral science. *American Economic Review*, 49, 253–283.