

Decision-making in Organisations

In this recording we summarise the content of chapter 19 Decision-making in Organisations. Studying this chapter should help you examine how decisions may be made within organizations; list the main types of decision made within organizations; name three decision making tools; .

Introducing the chapter, the authors start with 1. This book looks at management theory and practice. In some ways it is really about the art and science of management. Management may be described as science, art and craft. It is worth exploring such notions before turning our attention to decision making. One of the enduring questions in the field of management is whether it is an art or a science. An art is a "skill in conducting any human activity" and science is "any skill or technique that reflects a precise application of facts or a principle". Management as a science would indicate that, in practice, managers use a specific body of knowledge (established tools, techniques and know-how) to guide their behaviours; management as an art requires no specific body of knowledge, only skill. Practicing managers who believe in management as a science are likely to believe that there are ideal managerial practices for certain situations. When faced with a managerial problem, such a manager will expect that there is a rational and objective way to determine the correct course of action. They are likely to follow general principles and theories. Many early management researchers discussed in the first part of this book subscribed to the vision of managers as scientists. The scientific management movement, pioneered by Taylor, the Gilbreths, and others, was the primary driver of this perspective. Managers considering management as an art (e.g. Mintzberg and Drucker) are likely to rely on their own knowledge of a situation, experiences and judgment, rather than generic rules, to determine a course of action. Today, much of the management research conducted in academic institutions blends the notion of management as an art and as a science.

2. Decision-making is an accepted part of everyday human life. As individuals we may make decisions (choices/ commitment of resources) on the spur of the moment or after much thought and deliberation, or at some point between these two extremes. Our decisions may be influenced by emotions, by reasoning or by a combination of both. As members of groups we may find ourselves making decisions on a group basis, where our own views and feelings have to be tested and argued with the other members. In organisations, people with managerial roles are expected, among other things, to make decisions as an important part of their responsibilities. Indeed Mintzberg felt that decision-making was possibly the most important of all of the managerial activities. Decisions can lead a company to success or failure.

3. In this chapter we are concerned with managerial decision-making. That is to say we are concerned with behaviour that is designed to cause things to happen, or not to happen, as the case may be. Whilst it may be affected by feelings and interpersonal relationships, managerial decision-making tends to be rational in its approach. Considerable time and effort may be spent in assessing problems, developing alternative solutions and evaluating their consequences before arriving at an agreed decision. Certain types of decision-making can be made easier and faster by means of special techniques, some of which are briefly referred to later in the chapter..

The key concepts discussed within this chapter are:

Classical decision theory - a theory which assumes that decision-makers are objective, have complete information and consider all possible alternatives and their consequences before selecting the optimal solution.; decision - commitment of resources; Decision making - the process of making choices from among several options; .

Other terms discussed include:

Decision support system (DSS); Decision tree; Intuitive decision makers; Semi structured decisions; Strategic decision making; Structured decisions; Unstructured decisions; .

Summarising and concluding, the author(s) make the following comments - 12. Decision making is a very important aspect of management. There are many types of decision and many ways of making decisions. The scientific school makes use of the rational decision making process, supported by a

range of technologies to improve the quality and speed of decision making. However, such an approach has limitations as the decision may be constrained through a lack of time, information or the abilities of decision makers. Furthermore, decisions may be coloured by decision maker values and politics. Whilst scientific management has more to offer when making structured and repetitive decisions, managerial judgement is more preferable for strategic decisions made in the face of considerable uncertainty. Consequently we may view decision making as much about management as an art as well as a science..

We have now reached the end of the chapter 'Decision-making in Organisations'.

There are a number of references for this chapter where further reading opportunities are identified for you.