Decisions in the Organization

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Understanding the Organization

Organization: A unified system of resources, defined and structured by subsystems bound by a set of stated goals

The whole of an organization is greater than the sum of its parts.
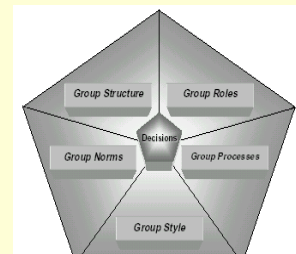
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A "Nexus of Decisions"

- The organization's purpose is to make decisions within a business environment
- The decisions that are made identify the organization's boundaries, policies, procedures and theater of operations.
- This is independent of the physical manifestation of the decision makers; they can be individuals, groups or DSSs.

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Dimensions of Decisions

Five dimensions that can affect both the kind of decisions and the methods to make them effectively.

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Dimensions of Decisions

- *Group Structure:* Does the decision maker work alone or have a support team?
- *Group Roles:* What roles (information gatherer, analyzer, DSS user) are assigned to others?
- *Group Processes:* Does the process itself affect the types of decision made?

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Dimensions of Decisions

- *Group Style:* Does the decision maker's style affect the quality of the outcome?
- *Group Norm:* Does a social psychology affect the activities of the decision-making body?

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Organizational Decision Levels

Hierarchy of Organizational Decision Levels.

Organizational Decision Levels

- *Operations:* "Line" personnel make decisions about day-to-day activities.
- *Tactical:* The planning level implements decisions made higher up as well as makes decisions to acquire resources necessary to maintain capacity.
- *Strategic:* The senior executives of a firm or top administrators of an agency.

Organizational Culture

- Organizational culture is a system of shared meaning (beliefs, symbols, practices) that have evolved over time.
- It exerts a powerful influence over the activities of an organization.
- Robbins identified ten elements that define an organization's culture

Ten Characteristics of O.C.

- Individual initiative
- Risk tolerance
- Direction
- Integration
- Management support
- Control
- Identity
- Reward system
- Conflict tolerance
- Communication patterns

Relationship of Culture to Performance

- Successful organizations tend to have a "good fit" between their culture and their external and internal environments.
- A good external fit suggests a culture matched to the strategy and marketplace.
- A good internal fit suggests a match between an organization's culture and its primary technologies.

Relationship of Culture to Change

- Organizations with cultures that do not allow for change will fail to maintain their market position.
- Excellent companies have a bias for action, stay close to their customers, encourage entrepreneurship and recognize that productivity is based on people.

Power and Politics

Rowe suggest that power is composed of five basic factors:

- Power sharing
- Authority
- Informal power
- Influence
- Politics

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Some Elements of Decision-Making Power

- Power to decide what jobs are available
- Power to decide what product is produced
- Power to decide on new investment
- Power to set and administer prices
- Power to pay or withhold dividends

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Politics

- An essential element in the formation of decision-making strategies.
- Politics is related to decision-making thru negotiation, formation of consensus and influence.
- Mintzberg notes that politics may be beneficial. Among other things, they may provide more flexibility.

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Supporting Decision Making

- An organizational DSS is support technology that focuses on decisions that involve many people.
- A modern DSS recognizes that many decisions cut across conventional lines of authority.

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Activities that create a need for a DSS

- Specific task problem solving such as process improvement
- Information gathering
- Communication across subunits
- Political behavior, for example, competing interests or scarcity of resources

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A taxonomy of strategies for DSS

- *Decision ordering:* ranking decisions so that higher order reflects higher priority
- *Information sharing:* decisions may be made independently but decision-makers share the relevant information
- *Negotiated choice:* some decisions may be made through negotiation and the resulting decision is, in effect, made jointly

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