Designing Work Organization
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Lecture-17
Introduction to Organization Decision-Making

When we are talking about the organization structure taking the decision, we are talking about the organization decision making. And in this decision making, if we will be talking about the program and non-program decisions are there, categories of decision making, the ABCD's of the categories decisions, then the individual decision making, rational approach of the individual decision making, bounded rationality approach, then the as usual we will be talking about the case study, research papers, book recommendations and the references. So, whenever you see a successful business someone once made a courageous decision what is mentioned, then in that case it means that that is the we understand that is a business can be successful only when there are the certain critical situations where you have to take a decision and when a person once made a courageous decision, then it will lead to a successful business. But exactly what is the decision making is there. So, basically decision making is a fundamental function of the management, it is the basic activity of the management, it reflects the success and failure of the management and the organization which mainly hinges upon the quality of the decisions are there. Normally whenever we see the life of a particular business, then we find that is the it is affecting the whether it will lead to the success or it will lead to the failure and the organizations which mainly depends on this particular the quality of decisions whether they the organization will be successful or organization will not be successful.

The decision making role of the management is the heart of the executive activities in the organization is there and it is so important because it is making the existence of the organization. In the present day environment organizations are faced with thousands of decisions daily and how they make these decisions have a enormous impact on their performance level is there. So, this decision set the tone for the entire organization in terms of the image, profit and customer services are there. That is why it is a very important that organization adopt the best practices and execute the good judgment when it comes to the making the decisions are concerned.

When we talk about the introduction of this decision making, so here is formally defined as a process of identifying and the solving the problems are there. So, we have to identify the problem and then we have to provide the solutions to the problems. The process is two major stages. In the problem identification stage information about environmental and organizational conditions is monitored to determine if performance is satisfactory and to diagnose the cause of shortcomings are there. And the problem solution stage is when alternative courses of action are considered and one alternative is selected and implemented.

So, organizational decisions vary in complexity and can be categorized as programmed as the non-programmed decisions are there. This particular problem solution when we are talking about the alternatives, this will be the always the part of the complexity and can be categorized whether the decisions is has been taken properly designing process or the structure. When it is designed a structure or process we will say it is a program or whether it is a non-programmed decision is there. Normally the program decisions are repetitive and well defined and the procedures exist for the resolving the problem is there. They are well structured because the criteria of the performance are the normally the clear good information is available about the current performance and the alternatives are easily specified.

And there is a relative certainty that the chosen decision or alternative will be successful. Examples of the program decisions include decisions rules such as when to replace an office, when to replace an office copy machine. So, when to reimburse managers for travel expenses or whether an applicant has sufficient qualification for an assembly line job is there. So, many companies adopt rules based on experience with the program decisions are there. For example, a rule of the hotel managers assigning staff for the banquet is to allow one server per 30 guests for a sit down function and one server 40 guests for a buffet is there.

So, therefore, in that case there is a set rules are there. The guidelines are there and on basis of the set rules and guidelines the decisions will be taken. A program decisions are novel and poorly defined and no exists for the solving the problem is there. In the non-program decisions they are used when an organization has not seen a problem before and may not know how to respond to particular problem is there. So, clear conditions criteria do not exist and alternatives are fuzzy.

Like in the case of the COVID time we have seen that is there was the first time the industries and the everyone has experienced this type of first time this type of problem and therefore, in that case it was important that is the now how to take the decision. There is uncertainty about whether a proposed solution will solve the problem is not. Typically few alternatives can be developed for a non-program decision. So, a single solution is custom tailored to the problem is there. So, here many non-program decisions involve strategic planning and because uncertainty is great and decisions are complex.

One example comes from the Finnish company Nokia where the managers are struggling with decisions about how to revive the ailing company. Now there are the different categories of the decisions are there. So operational management decisions are there, they are structured decisions individual employees or the teams are there and these are the shop floor operational decisions product acceptance during inspection store inventory control is there. Same structure are there that is the middle or the tactical management is there design a marketing plan develop a departmental budget develop a new operational procedure is there. Unstructured budget are the senior or the strategic management decides entrance or exit from the market, approves capital budget and decides long term goals and objectives are there.

Decision characteristics are there and therefore, on basis of this they will be there these are the certain decision examples which we have discussed. So, structured, semi-structured and unstructured. So here we find operational management, middle or tactical management, senior or the strategic management is there. Quality of decisions there are 6 elements which are associated with the quality of decisions. In order to produce high quality decisions each of the 6 elements is to be the part of the highest standard.

As in the case of a chain the overall quality of decisions is determined by the weakest link. The 6 elements associated with the quality of decisions are meaningful and reliable information, clear values and trade-offs, logically the correct reasoning, commitment to the follow through and appropriate frame and creative achievable alternatives are there. So, these are the quality decisions are there where we are supposed to take a particular decisions are there. Now, these 6 elements which are the always we have to consider whenever we are taking a very important decision, a decision which is going to affect the success and failure of the organization. So, meaningful and reliable information will be always required and whenever you are having the proper full information.

Now information flow that is becoming very, very important. So, 6 elements for the quality of decisions are important and here first and foremost unless and until so we know that data into information, information into knowledge, knowledge into wisdom and wisdom into truth. So therefore, in that case when you are having the reliable information, then you will be able to solve the problem, clear values and trade-off. So here it is supposed that is you are having these the very clear values are there about the decision making, organizations values are decided that is the what is allowed and what is not allowed and therefore, on the basis of that you can make the trade-off. Similarly, the correct reasoning is there and here the commitment to follow through is there.

However, the appropriate framework is very much needed unless and until you are not having the appropriate framework, you will not be become successful. Creative achievable alternatives, especially in the case of the non-programmed decisions, it becomes very important that is you are having the creative achievable alternatives are there. Now, there are the different categories of the decisions are there. So, these are called the ABCDs of the categorization decisions. So A is the ad hoc decisions is there, B is the big bed decisions, C is the cross cutting decisions and D is the delegated decisions are there.

So ad hoc decisions are there. Now level of familiarity, so when you are very much unfamiliar about the infrequent and the scope and impact is low, then you can take the ad hoc decisions. So, when you are having this very much familiar and the scope and impact is high, you can go for the cross cutting decisions are there. Let us take one by one. So, when we talk about the unfamiliar and the infrequent level of familiarity is there and the scope and impact is low, the ad hoc decisions that arise episodically, impact on the broader organization depends upon how concentrated they are.

So whenever we are talking about the scope and impact for the when the broad is there, so when the scope and impact is broad, so big bed decisions with a major consequences for the company and often involving situations with the unclear right or the wrong choices are there. So here with the we have to understand that is there what will be the consequences of our decisions. Delegated decisions are there that can be assigned when with the narrow scope and impact with the level of familiarity is there. Delegated decisions that can be assigned to individual primarily accountable or to working team is there. Whenever the familiar or the frequent is that is having the broad scope, then the cross cutting decisions are required and data frequent and require broad collaborations across the organizational boundaries because that is leading you to the existence, survival and the growth of the organization.

So the cross cutting decisions are becoming the very very important is there. So this infrequent and high risk decisions have the potential to shape the future of the company is there and when you are taking the cross cutting decisions in this frequent and high risk decisions, a series of small interconnected decisions are made by different groups as part of the collaborative end to end decision process is there. Delegated decisions, this frequent and low risk decisions are effectively handled by an individual or working team with a limited input from the others is there. Ad hoc decisions are the organization's infrequent, lower stakes decisions are deliberately ignored in this article. In order to sharpen our focus on the other three areas where the organizational ambiguity is most likely to undermine decision making effectiveness is there and therefore, in that case, these are the ad hoc decisions that is the where here the organization is most likely to have these on this type of the uncertainty or maybe the ambiguity is there in the case of the decision making effectiveness is there.

So these whether you are going for these the ad hoc decisions, you are going for the big bed decisions or cross cutting decisions or the delegated decisions are there, you have to take the a particular decisions in the given situation are there. How the individual takes the decision? So individual decision making by the managers can be described in two ways. One is the first is rational approach, we suggest an ideal method for how managers should try to make the decisions are there. So they are more logical decisions are there. Second is the bounded rationalistic perspective, which describes how decisions actually have to be made.

So under time and resource constraints are there, so you have to understand how you are taking these particular decisions are there. The rational approach is an ideal that managers may work toward, but rarely reach is there. So here it is one has to be very bounded rational perspective that is becoming the more popular is there. Rational approach to individual decision making stresses the need for systematic analysis of a problem followed by the choice and implementation in a logical step by step sequence is there. When 18th century political and diplomat Benjamin Franklin was faced with a difficult problem for example, he would divide a sheet of paper into two columns labeled pro and con and write down various reasons for or against the particular decisions.

Over several days Franklin would have narrowed down the least based on a system of weighing the value of each pro or con until the least yet determination of the best decision is there. So on the basis of that rational the classification whether the this is the right decision or not right decision and then you make the analysis of that decisions. So Franklin believed that by using this rational approach he was less liable to make a rush step and he was avoiding as per his belief to irrational decisions or the decisions where the person is having a consequence of a any wrong impact. For managers too the rational approach was developed to guide individual decision making because many managers were observed to be unsystematic and arbitrary in their approach to organizational decisions are there. Although the rational model is ideal not fully achievable in a manager's real world of the uncertainty, complexity and repeat change the model does help managers think about decisions more clearly and rationally during the period of the uncertainty.

According to the rational approach decision making can be broken down into the 8 steps. The first one is understand the situation, define the problem, define the objectives, diagnose the problem, develop alternatives, evaluate the alternatives, choose the best alternative and implement alternatives are there. So we will take one by one monitor the decision environment is there. So in the first step a manager monitors internal and external information that will indicate deviations from the plant or the acceptable behavior. He or she talks to colleagues and reviews the financial statement, performance evaluations, industry indices, competitors' activities and so forth is there.

Define the decision problem. The manager responds to deviations by identifying essential details of the problem where when who was involved, who was affected and how current activities are influenced. This means defining whether store profits are low because overall sales are less than the expected or because the certain lines of the merchandise are the not moving as expected is there. Specially decision objectives are there and the manager determines what performance outcomes should be achieved by a decision is there and on basis of this we can specify decision objectives that can be decided by the manager. Diagnose the problem. In this step the manager digs below the surface to analyze the cause of the problem.

He or she might gather additional data to facilitate these diagnoses understanding the cause enables the appropriate treatment is there. Whenever manager can move ahead with a decision action plan, he or she must have a clear understanding of the various options available to achieve desired objectives. The manager may seek ideas and suggestions from the other people are there. Next is the evaluate the alternatives. This step may involve the use of the statistical techniques or the personal experience to gauge the probability of success and the managers assess the merits of the each alternative as well as the probability that it will achieve the desired objectives are there.

Choose the best alternative and the step is when the manager uses his or her analysis of the problem objectives alternatives to select a single alternative that has the best chance for the success. Implement the chosen alternative. Finally, the managers uses managerial administrative and pursued abilities and gives directions to ensure that the decision is carried out sometimes called the execution of the decisions is there. This might be considered the core of the decision process because any decision that is not successfully implemented is a failed decision to matter how good the chosen alternatives might be managers have to mobilize the people and the resources to put the decision into action. Execution may be the hardest step for the decision making.

Now the another type of these decision making is and it is the bounded rationality approach is there. Research into the managerial decision making shows that managers often are unable to follow an ideal procedure for decision making many decisions must be made very quickly. So, time pressures a large number of internal and external factors affecting a decision and all ill-defined nature of many problems make systematic analysis virtually impossible. Managers have only so much time and mental capacity and hence cannot evaluate every goal, problem and alternative. The attempt to be rational is bounded limited by the enormous complexity of many problems are there.

There is still limit to how rational managers can be. To understand the bounded rationality approach think about how most new managers selected job upon graduation from the colleges. Even this seemingly simple decision can quickly become so complex that a bounded rationality approach is used. So, what is the bounded rationality approach? Constitution trade-offs not only are the large organization decisions too complex to fully come comprehend but several constraints impinge on the decision making is there. For many decisions the organization structure circumstances are ambiguous and they requiring the social support a shared perspective on what happens and the acceptance and the agreement is there.

Other organizational constraints on the decision making outline include corporate culture and the ethical values and the organization structure and design is there. The following illustration shows the constraints and trade-offs in bounded rationality approach is there. Now, here in this particular diagram you will find that is organizations that they are having the constraints, need for the agreement, shared perspective, cooperation, support corporate culture, structure and the ethical values are there. And when they are giving you the trade-off the support then decisions are choice are there such for a high quality decision affect the alternatives. Now here the another one is the bounded rationality is there and when then it is going through the limited time information resources to deal with the complex multidimensional issues are there and there is a trade-off.

So, personal constraints will be there. So, the desire for prestigious success, personal decision style and the need to satisfy emotional needs cope with the pressure, maintain self-compact is there and the trade-off will be that is a choice of the in high quality decisions alternatives are there. Now here on the basis of this trade-off the personal constraints where the persons are having the certain issues are there with the pressure, maintain self-concept then there will be the trade-off will be there. I would like to take this particular the case study the Nokia. Recently as 2007 Nokia was the undisputed king of the cell phones with well over half the global market share for the high end then the low end mobile phones. Then Apple introduced the iPhone, a few years later Google's Android operating platform dealt another blow.

Nokia share of the smartphone market that was the plummeted. In addition low cost Asian companies were cutting into the giant companies market share for a simpler and a non-smartphones as well. One of the first decision is he faced was how to reverse dwindling market share for the smartphones is there. Stephen Aloff was brought as the CEO in 2010 to try to turn things around. Nokia had virtually been pushed out of the some of the largest in non-dicative markets including the United States by the iPhone and the phones using Android is there.

Many investors and industry insiders believed Nokia should jump on the Android bandwagon, Apple allows any company to use its Android operating platform. However, Aloff and other top managers made a strategic decision to go it along with the company's homemade operating system. Symbian and a new software platform called the MeeGo being developed with the Intel. Aloff even believed adopting Android would be the company's hands in terms of the being able to differentiate its product with the new innovations. We would just another company distributing Android he said it just did not feel right.

So decisions to go it alone however do not work out people in Android had again to get too great an advantage. Nokia Symbian software had fallen too far behind to over catch up and the new MeeGo system was not ready to pick up this slack is there. In early 2011 Aloff learned that the company was on track to introduce only three MeeGo based models before 2014 which was way too slow to keep Nokia competitive in the smartphone business. Aloff made another strategic decision in mid 2011 Nokia would they abandoned the homemade software partner with the Microsoft to use its Windows Phone 7 operating system instead. Although Windows Phone 7 had only yet any share of the smartphone market their partnership gave Nokia rights to adjust about any kind of innovation it wanted to stuff to into its Windows based phones.

Something it would be there have been allowed to do with the Android. Aloff thinks that the flexibility combined with the Nokia's world class hardware design and a strong distribution network can put Nokia back on top. The decision to produce a Windows based smartphone is only part of the Aloff's turn turn around plan is there. He also wants that they invest heavily in the developing and the protecting Nokia's low end phones business in emerging and yet to emerge nations in Asia and Africa and to fund a strong work stop by the top technicians who will give the freedom and resources to dream up entirely new device and technologies. Aloff is highly optimistic that is his strategic decisions will pay off big for Nokia in the last few years.

However, these type of the decisions are very complex and there is no guarantee that a particular choice will be succeed. So for example, although technology partnership that can be highly successful, they can also sometimes turn into the nightmares. The decisions to invest heavily in a strong work is risky at a time when Nokia is struggling just to stay alive. Nokia has entered a period of uncertainty says Aloff when you go through a transition like this there are going to be the bumps in the road is there. Particularly complex non-programmed decisions have been referred to as the wicked decisions because the simply defining the problem can turn into a major task.

Wicked problems associated with manager conflicts over objectives and alternatives. Rapidly changing circumstances and unclear linkages among decision elements are there. Businesses dealing with a wicked decisions may be on a solution and that merely proves they fail to correctly define the problem to begin with. Under conditions of such extreme uncertainty even a good choice can produce a better outcome is there. So, you have to be very careful in decision making otherwise it will be very problem to scope for your the products and the success of the company.

So, here is a research paper top management improves rational decision making in crisis a paradox perspective. And translating the qualities of the comprehensive and the intuitive decision process enables the three strategic decision making process to co-exist in contributed decision quality when in the crisis is there. These are the findings although comprehensive and intuitive decisions making are rooted in the district information processing approaches with the different cognitive demands and at times contradictory logics they can be combined in unique ways when senior executives impose decisions in the crisis situations are there. Particularly in the context of the crisis it is critical for managers to understand the value of improvisational decision making and we balance combination of the decision making tools available to them in order to make rapid and the quality decisions.

Potential actions research interventions are suggested. This paper offers an integrated model of the decision-making and encompasses the comprehensive intuitive and improvisational processes and highlights the combinatory and synergistic nature of these approaches in a crisis. This is the book which you can recommend one strategy organization planning and decision making is there by Macro lansiti, Steven Sinofsky and this book is talking about unique combination of the real world experiencing how they are managing a large scale organization with academic research in the strategy and innovation to describe what it takes to align an organizational alone one strategy. And the organization how manages its execution and this further strategic integrate. One strategy describes how to drive innovations by connectivity the potential of strategic opportunities to the impact of operational executives. These are the references I am sure you will be able to refer these references in your sense and for making further studies with the help of these references for your detailed information about the decision making is there and you will learn that is how these the people those who are working with you they play a very critical role in the decision making process is there.

Here the another reference is very important a pyramid for decision approaches from the

Kelly Peirano management review that will also give you the insight on this particular topic. Thank you.