



# Case Study on Organizational Performance

Information and Decisions

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Over the decades there had been many Evolutionary Prototypes for Organizational Performance Enhancement and Organizational Performance Measurement are developed. The best practices like Business Process Reengineering and Change Management for Organizational Performance Enhancement have been very popular in recent times. Besides, there are numerous Organizational Performance Management Systems known to all such as Balanced Scorecard, Benchmarking, Continuous improvement, Cultural Change, Knowledge Management, Learning Organization, Management by Objectives (MBO), Outcome based Evaluation, Total Quality Management and alike. However, right from very beginning of the trading goods, Information is considered as the most important and critical factor for business success. For an instance, for a start up apparels Retail Company, information pertaining to target audience is essential which would give an insight of their income & expenditure trends, demographics, education, occupation etc. Without this information, the company would find it very difficult to decide upon its marketing strategy, production capacity, demand and supply. Without timely and accurate information no strategic decision can be made which is why companies today invest a hefty amount in Business Intelligence and Knowledge Management systems. Information and sound Decision go hand in hand in every business to gain a competitive advantage in the industry. Knowledge based businesses are more practical than theoretical and prefer to be in a position where they have an accurate information in hand and business intelligence for their rescue during tough times. The importance of analytics and access to the 'right information at the right time by the right people' has been largely heralded as a business imperative and essential for enabling the execution of successful business strategy. Consequently, more and more departmental and enterprise-wide data aggregation and analysis projects have come into existence with applications deployed in hopes to more efficiently and effectively understand 'the business'. This paper by and large is about sound decision making practices and popular models used in today's competitive scenario.

Decision making in today's business scenario is highly rational and information based which essentially involves human attributes such as Intension, Judgment, Values, Analysis and Sense. The decision making process should be value driven, a product of thorough analysis and judgment based on the accurate senses supported by clear intention or business objective. The complexity in decision making process varies directly with the organizational hierarchy. Higher the position held by the decision maker, tougher the decision making process. The contribution at each level is different. Manager contributes in form of leadership and intelligence which is more of a brain power where as worker contributes in form of

efforts i.e. muscle power. Decisions at various levels add different sorts of value to the entire process. The consideration of any level, strategic, operational or administrative should not be side lined which would naturally ensure a holistic form of the decision. Here a significant role could be played by Information Technology to streamline the Decision making process by adding significant value to it.

Decision-making is a very important aspect of a good business. Then the question arises, is 'how is a good decision made? A critical part of the decision making is good information, and proven capability in interpreting information. Consultation, where decision makers seek the views and expertise of other people, helps. So does the ability to admit that one was wrong and need change one's mind. Various techniques which help to make information clearer and better analyzed are available to add numerical and objective precision to decision-making in order to reduce the amount of subjectivity. Managers at times need a supportive environment where they are not unfairly criticized for making wrong decisions and receive proper support from their colleague and superiors. Decision-making increasingly happens at all levels of a business. The Board of Directors may make the grand strategic decisions about investment and direction of future growth, and managers may make the more tactical decisions about how their own department may contribute most effectively to the overall business objectives. But quite ordinary employees are increasingly expected to make decisions about the conduct of their own tasks, responses to customers and improvements to business practice hence ensuring enhanced organizational performance. This needs careful recruitment and selection, good training, and enlightened management.

**Following is a brief overview of the types of Business Decisions;**

**1. Programmed Decisions:** These are standard decisions which always follow the same routine. As such, they can be written down into a series of fixed steps which anyone can follow. They could even be written as computer program.

**2. Non-Programmed Decisions:** These are non-standard and non-routine. Each decision is not quite the same as any previous decision.

**3. Strategic Decisions:** These affect the long-term direction of the business e.g. whether to take over Company A or Company B.

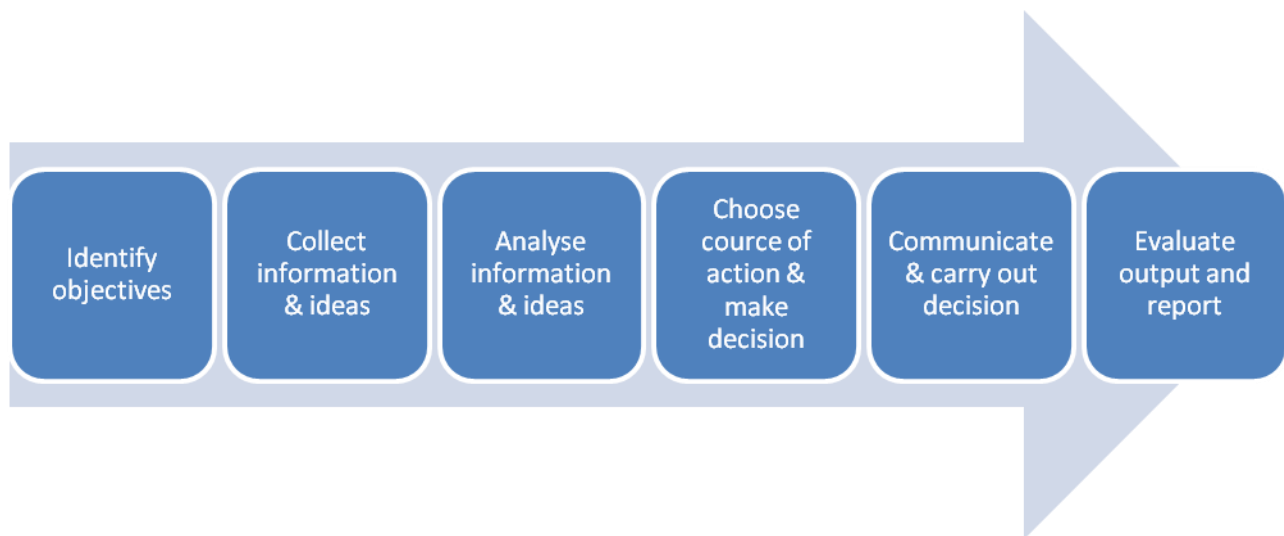
**4. Tactical Decisions:** These are medium-term decisions about how to implement strategy e.g. what kind of marketing to have, or how many extra staff to recruit.

**5. Operational Decisions:** These are short-term decisions (also called administrative decisions) about how to implement the tactics e.g. which firm to use to make deliveries.

Strategic decisions are mostly made by the board members and owners of the company where as tactical decisions are made by the mid level managers. Most of the operational staff is involved in making operational decisions.

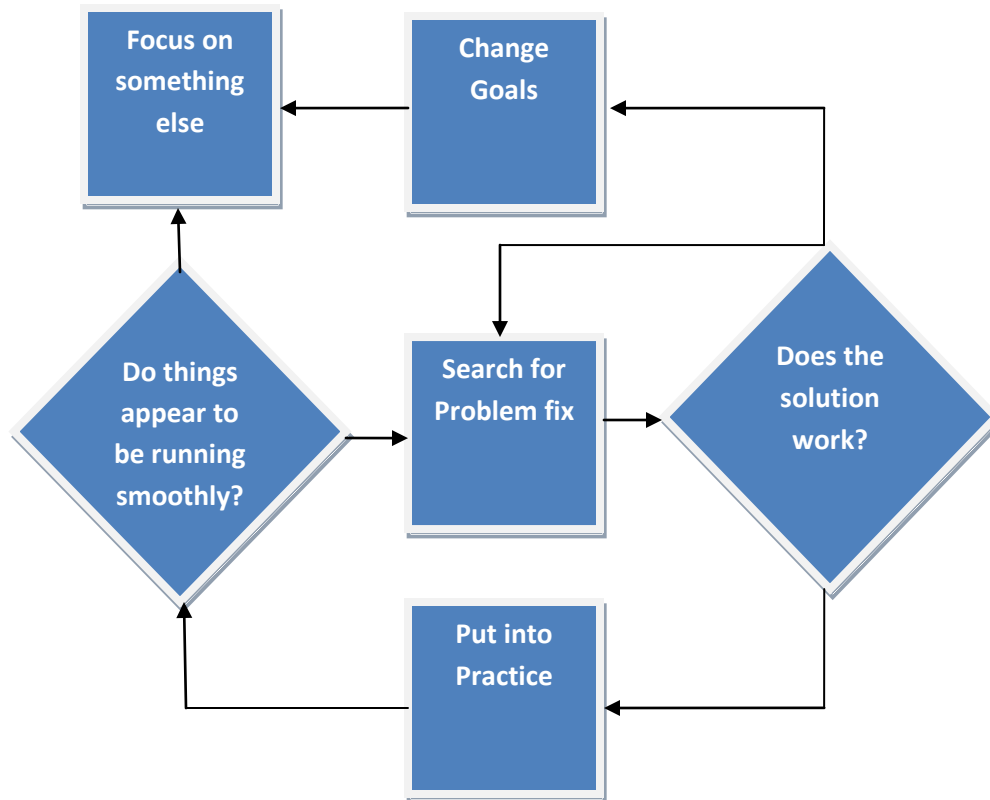
The decision making has traditionally been based on cause and effect analysis which gave rise to two popular models discussed as follows;

**Normative Decision Making Model:** This model typically assumes that decision makers' behaviors are rational and all the information is available. A depiction of the same would be as follows;



This model illustrates how a good decision **ought to be made**. Business Studies also uses positive models which simply aim to illustrate how decisions are, in fact, made in businesses without commenting on whether they are good or bad.

**Descriptive Decision Making Model:** These models show how managers actually make decisions. Often managers operate under conditions of imperfect information in which “bounded rationality” prevails. The following illustration depicts the same;



With these models in hand, the organization's decision makers at different level find themselves in a better position to do their job. Nevertheless, there are always some constraints to every aspect of decision making process and the case of Organizational Performance Enhancement is not an exception. Organizational Performance Enhancement and Decision Support System to the same also have a set of internal and external constraints. The internal constraints come within the organization which could take a form of financial constraint, operational constraint, existing policies, people's capabilities and resources. On the other hand, the external constraints could be National and International legislations, competitors' behavior, technological incapability, economic climate etc. Interestingly, some of the constraints in one scenario could be the boon for the decision makers in another scenario. This necessitates the scenario analysis to find its way in the decision making process.

The quality factor in the decision making is another critical aspect where in no two managers are alike in their skills, experience and attitude; one could just turn out to be a better decision maker than another. However, to realize a homogeneous practice in the organization, organization may go for training of managers in decision making skills, gain accurate information in the first place to eliminate quality

issues, manage analysis of information, handle individual shortcomings positively, develop a natural ability of decision making process and mitigate probable risks.

Businesses are highly interdependent on each other, most importantly on their suppliers and their customers. Decisions are not taken in isolation. The effects of any decision depend critically on the reactions of other groups in the market. These have to be, as far as possible, taken into account for a better organizational performance before decisions are made.

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