

Organisational decision making

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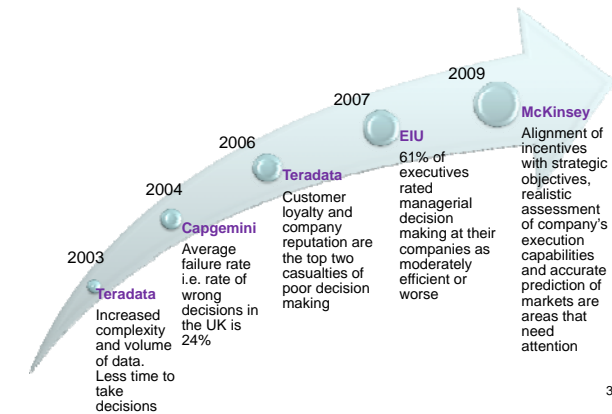
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Learning Objectives

- 1 • Discuss managerial decision making challenges
- 2 • Review organisational decision making models
- 3 • Identify examples of good and bad practice in decision making and suggest ways for improvement

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A decision making crisis



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Managerial decision making - Important factors

- Determination to seek out the absolute best solution **9th**
- Setting clear criteria **2nd**
- Willingness to take risks **8th**
- Willingness to listen **3rd**
- Objectivity **1st**
- Personal experience **4th**
- Confidence in their own ability **5th**
- Willingness to revisit the main objective **6th**
- Ability to stay calm under pressure **7th**
- Ability to stick by their decision **10th**

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(Capgemini, 2004)

Organisational decision making models

- “Organizational decision making is the **process** by which one or more organizational units make a decision **on behalf of the organization**”

(Huber, 1980)

- **Rational model** (e.g. Howard et al, 1976)
- **Political model** (e.g. Pettigrew, 1973)
- **Garbage can model** (e.g. Cohen et al, 1972)
- **Process model** (e.g. Barnard, 1938)

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Decision Making



Chester Barnard



James March



Herbert Simon



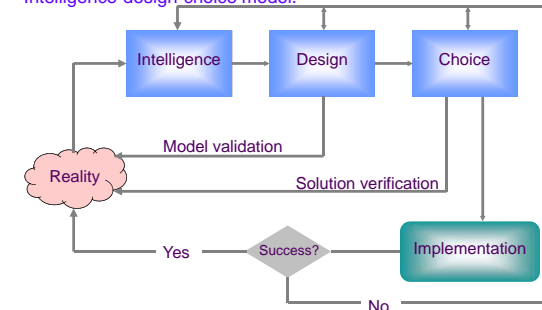
Henry Mintzberg



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Herbert Simon

- **Intelligence-design-choice model.**



- **Bounded rationality.** A decision maker seeks to be rational but his/her rationality is bounded due to cognitive limitations.

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James March

Garbage can model (Cohen, March and Olsen, 1972)

Organisations are viewed as 'organised anarchies'

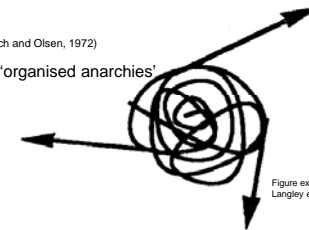


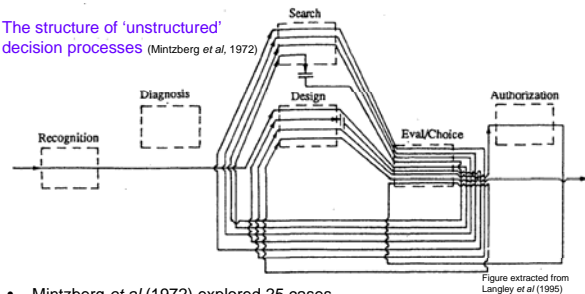
Figure extracted from Langley et al (1996)

- Organisations are political systems which can be viewed as **coalitions of individuals** with conflicting objectives shaped by status, ambitions, biases and the way they perceive the future
- Research focus
 - How problems arise and organisational units are combined to formulate decisions.
 - How **power** is enacted
 - What the role of **politics** is

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Henry Mintzberg

The structure of 'unstructured' decision processes (Mintzberg *et al.*, 1972)



- Mintzberg *et al.* (1972) explored 25 cases
- A decision is **commitment to action**
- A decision process is a **set of actions and dynamic factors** (e.g. interrupts, timing delays, speedups) that starts with the identification of a stimulus (e.g. opportunity, threat) and ends with commitment to action

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Decision making skills

- Make better decisions vs. make better decision makers



(Keeney, 2004)

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Decide how to decide

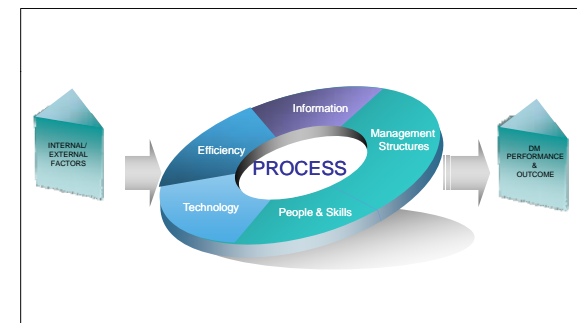
Make the right decisions vs. make decisions the right way

Process characteristics	Bay of Pigs	Cuban missile crisis
Role of participants	Advocates for particular agencies	Skeptical generalists
Role of leader	Present at all meetings	Absent from preliminary meetings
Group norms	Adherence to rules of protocol	Minimisation of status differences
Participation and involvement	Exclusion of low-rank officials	Involvement of outside experts
Use of subgroups	One subgroup driving the process	Two subgroups debating alternatives
Alternatives	Convergence upon one alternative	Consideration of two alternatives

(Roberto, 2005)

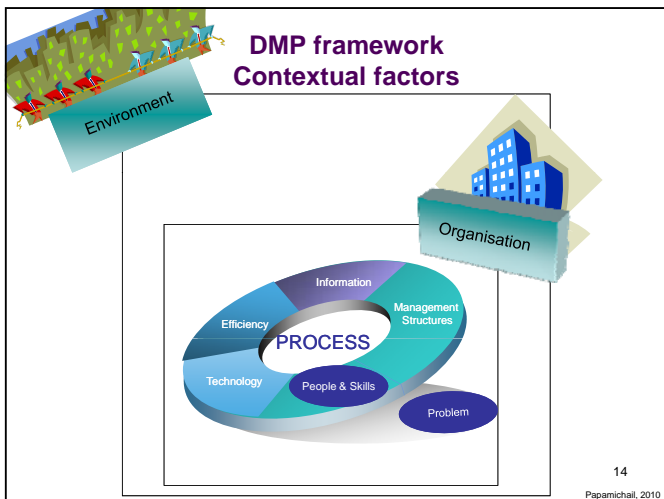
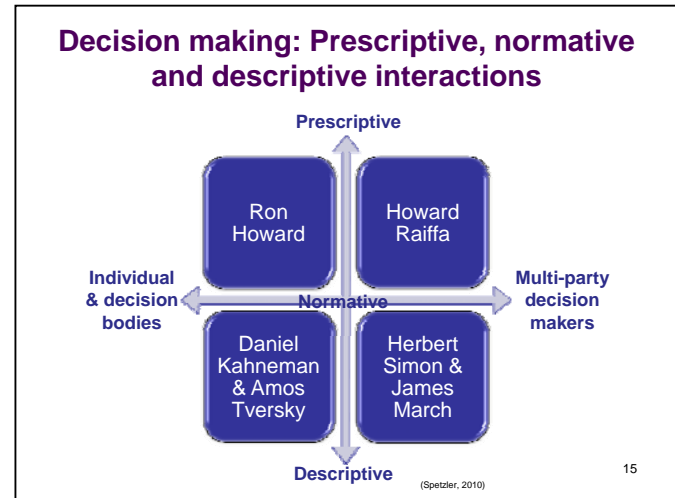
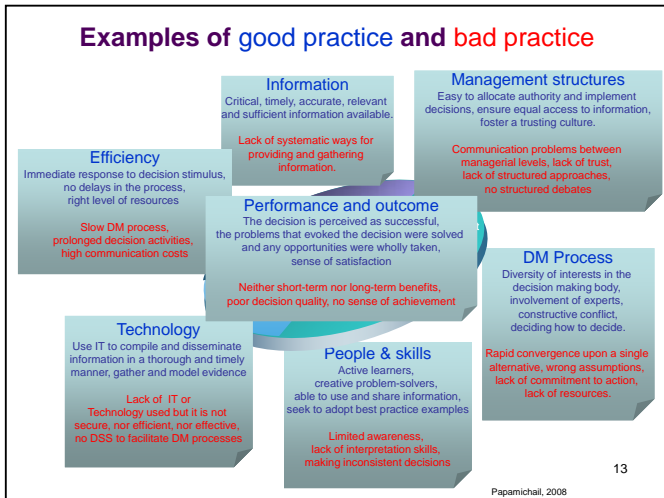
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Decision making practices (DMP) framework



Papamichail and Rajaram, 2007

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- ### Final thoughts
- We are seeing a shift:
 - From the 'expert' to the 'user'
 - From 'individual intelligence' to 'collective intelligence'
 - Social networking: Ideas creation/generation
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