

Decision-making in Organizations

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ABSTRACT

Organizational decision-making, process to identify and solve problems, this process involves two main steps. Identify the problem, when information about the organizational and environmental conditions monitored to determine if performance is satisfactory or not and thus realize the shortcomings. The second stage is when the problem considers different solutions; one solution is selected and implemented. Organizational decisions in complexity are different and they divided to planned and unplanned. Decision-making is team process, it is important for management. Knowledge of the decision-making process in its various concepts is critical for managers. This information shall identify the hazards of decisions, how to avoid them and take action to improve quality of decisions. Managers decision can grow prosper or be bankruptcy for company. It is possible that these decisions be dangerous, violent and in unreliable environmental and cannot guarantee success. Usually, decision should take in constantly changing factors. The data are less clear and there are contradictory attitudes or conflicts. Thus, everyone deals with the decision issue in organizations, which should choose between several ways that faced. Decision-making is an integral component of management. It appears in any task of manager. In determining organization policy, compile goals, organization design, selection, evaluation, in all management actions, decision-making is an essential component.

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INTRODUCTION

Simon is famous among organization theorists due to the studies about the decision. In Simon idea, when we consider the internal part of organizations, we should express organization behavior base on organization individual member purposes, or we should assume one or several organizational goals in addition to people goals and beyond them. Simon defined organization as decision-making structures and believes that various aspects of the organization designed (such as a hierarchy of authority, division of labor and specialization of tasks) to enhance the rationality of the decision [1]. Managers decide on different issues, but their decisions are not the same. Some decisions made repeatedly, so need a lot of forethought and some are less frequent and not considered a frequent decision and it may only happen once during the working period. Decisions generally divided into planned and unplanned. Planned decision based on methods, rules or written or not written policies in the same position, by limiting or excluding solutions easily made. For example, managers rarely are worried about the new servant salary because organizations, often has regulations about salary for all Posts. The planned decisions limit our freedom because organization decides instead of the person. However, these decisions make manager time free to deal with important problems. However, unplanned decisions deal with unusual and exceptional problems and bad structure. In fact, most critical issues managers are facing require unplanned decision. In addition, the individual is higher in the organizational hierarchy, unplanned decisions capacity become more important for him. Therefore, most managers training programs implemented in a way that create or improve unplanned decisions capabilities in them. It happens by

training managers to analyze things systematically [2]. For each decision, data must interpret and assess. Usually, data from multiple sources separated and the processed. Discussion is that which data is relevant to the kind of decision-making? Decider due to perception about issue, specify data, determine different solutions and assess them [3]. Decision-making in large organizations management is so important that some of the writers defined organization as “decision network” and management as “decision-making practice”. Since, in today's world, governance of large organizations cannot rely solely on talent and personal judgment, but decisions, if possible established based on scientific studies statistics and information in accordance with the principles and certain procedures [4]. In sum, decision-making processes include the following six steps. The first step involves identifying and determining the problem and an issue that has been a barrier in the way of achieving this objective. In this step try to know main and real problem, properly define it. The next step is to find possible solutions to fix this problem. Finding solutions is according to the manager scientific and practical experience, information and available statistics. Third step is the choice of criteria to measure and evaluate possible solutions. To measure the solutions, it is necessary to examine them by criteria. The fourth step is to determine the results of each of the possible solutions. At this point, based on the selected criteria, positive and negative results of each of the solutions identified at this stage. Fifth step is to evaluate solutions through their results. Each solution due to the results for organization compared with other solutions and prioritized solutions. Final step in decision-making process is to choose one way among different ways and to present a statement of decision. This stage at the end of the assessment and determining priorities, automatically achieved. Solution that obtains the best results and the received highest-grade priority is selected solution. [5]. In such a way that the previous operations are not effective and old decision ‘procedures will become inappropriate [6]. Organization made by managers that decide and in this issue use rational methods and perceptual process. However, the decisions taken at the organizational level usually does not made by one administrator. Many organizational decisions take by multiple managers. In the organizations, decision-making process influenced by many factors, including organizational structure and the stability or instability of the environmental factors [7].

RESEARCH METHODOLOGY

This research conducts an investigation to review analytical and descriptive answers to questions in the study. Therefore, it considers decision making in organizations and which kind of decision making is more effective and whether organization managers in decisions conduct with self awareness and through participations or alone decide on organization issues?

RESULTS AND DISCUSSION

Decision: it is the process of selection among two or more existing way. Decision means self-aware choice that person base on set of given conditions, review behavior and specific thinking way and then accept an option and implement it. Decision made when it chose. The decision cannot ignore, because refusing decision-making is actually a decision. Theorists said, “Main problem in life is subsequent decisions on previous decisions” [8].

Decision-making in organizations: Are all decisions taken in the organization, is reasonable, whether those who make decisions properly and fully evaluated the issues? Do they identify related indicators to determine valuable solutions use their creativity? To determine the optimal solution with the highest performance, do evaluate all the solutions? Obviously, in some cases, those involved are doing so. When decider face with simple issue that has some possible and clear solution; rational pattern can be appropriate procedure in decision-making. Most decision in real world is not base on rational pattern. For example, usually people satisfy with acceptable and rationale solution and rarely try to find optimal solution. Therefore, usually deciders use limited creativity. Solution obtained beside signs of problems and in the most cases use normal and known solutions. According to an expert in the field of decision-making: “more important decisions made on the basis of judgment, not on the basis of clear and known patterns” [9].

Methods of decision

Organizations like internal managers must make decisions. Most common methods in the decision-making process include:

1. Centralized and decentralized decision-making procedure

A: The Centralized method in an organization set is when all the decisions made at the top by the major Chiefs. For instance main decisions about future policy of ‘City Corp’ by executive manager and some major managers in company to expand banking service section to customers was main and highly

centralized. Since, person in top of management made the decision. Totally, in centralized system, main objective is to centralize main decisions in top-level managers.

B) In non- centralize method, main objective of this decision method is based on the division of responsibility for top managers. This enables low levels of internal managers to participate in decisions. The advantage of this method is lack of engaging top managers in small details of daily activities. In addition, such a system give opportunity to middle hierarchy managers to prepare themselves in statistical studies evaluation, ready to solve any particular problem that is likely to occur. From major advantages of this system is to delegated more responsibilities and improve the decision-making power to internal managers. The scope and extent of decentralized decision-making method is a function of several factors, including personal taste of manager, insight and their perception, the dynamics of the organization and cultural effects.

2. The decision in group method and personal review

In the group decision-making method, one of the internal managers with one or two of its employees, review particular problems. In personal way, an internal manager can personally decide. Previous decisions experiences can help person to understand advantages and disadvantages of these two methods. When there is enough opportunity for decision-making or expenditure of group problems to obtain decision is a lot, should use individual decision method. However, if there was no time limitation and resources are available, it is better to use group method. Main group decision-making advantage is that it gives opportunities to participated managers to gather information data and evaluate different and new ways.

Application of the group method is base on two assumptions

1. Usually, group makes decisions better than one person does and major decisions are possible.
2. The decisions taken by the group implement better. [8].

Decision approach

Simon among organization theorists is famous for the studies about the decision. According to Simon when we look to internal structure of organization, should specify organizational behavior base on organization individual purposes or should assume one or more of the objectives of the organization as well as certain of them. Simon defined organizations as decision-making structures and he believes that various aspects of the organization (such as a hierarchy of authority, division of work and specialization of tasks) designed to enhance rational decision-making. Bella Waskat criticize Simon's decision approach that consider too much to implications and official organization results to decisions behavior and it does not includes processes analysis of personal relationships between people who are not part of the formal structure.

In decision-making theory, March and Simon suggest three assumptions about members of the organization. Organization members considered in three categories:

1. Passive devices are able to work and accept commands, but they do not have the ability of initiative practice or influence in the significant way.
2. Passionate people who have vision, values and goals that must raised and forced to participate in the organizational behavior.
3. Decision makers and those who can solve their problems

The third view considered a member of the organization as a decision-maker and who can solve problems. In the definition of basic elements of the approach considered more than other views.

Decision approach at least has three aspects. "Star" and "Miller" summed up these aspects in the statement that the "decision-maker who wants to reach a goal through the solutions, choose one solution among available solutions". According to the decision approach, organizations considered as rational systems of different components. Each component (such as an organizational unit) makes decisions that affect on relations with other components and the organization as a whole. Organization issues relatively specified as decision quality related to exploit from organization resource and human source. Principle of rational decision approach measures best solution through several possible solutions. Results are predictable. In sum is choice of best method with minimum financial loss for organization. Decision approach, such as purpose approach assumes organizational structure static. Decision approach ignores external factors (such as competing with other organizations and comply with the requirements of the government to control prices) as important factors affect the decisions of the members of the organization. The tendency of organization to change to various basic aspects suggests important factors that the impact on the results and its members does not have much control or no control on it. [1].

CONCLUSION

Decision-making is difficult and problematic. It should consider importance of information and nature of belief systems of people, who are involved in these decisions or influenced by the decisions. Decision making like other essential parts of organization is between conflicting pressures, so that moves in one procedure leads to response and passive actions of the others. However, organizations need to understand the terms and conditions that face with on a regular basis. Issues and policies are constantly changing. Decisions participation is a new issue in management science and it related closely with supervision and should consider under what conditions must used to increase management efficiency. One thinks before the argument or act on the issue. Therefore, finding decision method of a person will be useful. People in making decisions try to use optimize or desired pattern, i.e., to achieve maximum efficiency. However, most people when confronted with abnormal conditions cannot act this way. Few important decisions are not so complex or ambiguous, so it may use pattern to obtain the results. Therefore, person search for satisfactory solutions and he seek less in the most desirable solution. In deciding and offer solutions is biased and show prejudice and judge to the intuitive method. Five solutions about decision method to improve the decision-making process of manager are as follows: first, the status of existing conditions or analysis. Decision making method should be appropriate in the national culture in which you are. In addition, one should consider the indicators and criteria that organization evaluates decision, and rewarding base on them. Second, one should consider biased views. In deciding people show bias. If you comprehend this that bias and prejudice affect judgment of individual, in that case, you can change your decision-making practices and reduce this kind of bias and prejudice. Third, in decision-making, manger uses rational and intuitive method. These two methods (in the decision) do not conflict. Using both methods can make decisions that are more effective. Fourth, so do not make premise that for any specific work should have a specific decision making practices. Since, there are different organizations, so the task type as well changes in the organization; if you can fit your decision method with conditions of job (in the decision), it will be more effective and more successful work. Finally, use the way that stimulates the individual to be creative in a manner that can improve the decision making process. This is about the status or situation that only has a limited number of ways to the question. Encourage the person to give the initiative and creativity is simple that person suggest to self when thinking should give initiative and offer unique solutions. The most important topic discussed is that the most organization decisions are not base on reasonable method (rational). Decision (in most cases) does not initiate with detailed analysis until different way analyzed on a regular basis (systematic) and finally with find a final solution to solve the problem. On the contrary, the decisions processes features are that Organization and management faced with the conflict phenomenon, the coalition formed, do tests and errors method, act quickly and commit errors. Managers face limitations that are appropriate for restricted rational. Therefore, often the actions based on speculation, use of sixth sense and the intuitive judgment, including the criteria that are used when deciding. Another important subject is that although people decide, but the situation in organization decisions is such that only unique person cannot decide. Organization decision is a social process. Only in very exceptional cases, managers should analyze issues and propose their solutions. Many issues are not clear and it requires that have debates and make coalitions. After the goal determine and specify priorities, can set ways to achieve that goal. When manager makes certain decision, it is only a small component of the complete decision-making process. The Organizations through a series of small steps fix big issues. Manager may have first step, but should not forget that the step is nothing but a very small part of the whole process of decision-making. According to the decision approach, the organizations considered as rational system composed of various components. Each component (such as an organizational unit) adopts decisions that affect on relations with the other components and overall organization. Organization issues relatively specified as decision quality related to exploit from organization resource and human source. Principle of rational decision approach measures best solution through several possible solutions. Results are predictable. In sum is choice of best method with minimum financial loss for organization. Decision approach, such as purpose approach assumes organizational structure static. Decision approach ignores external factors (such as competing with other organizations and comply with the requirements of the government to control prices) as important factors affect the decisions of the members of the organization. Centralized method of organization is when all the decisions taken at the top by the heads of the top managers. In non-centralize method, main objective of this decision method is base on the division of responsibility for top managers. This enables low levels of internal managers to participate in decisions. The advantage of this method is lack of engaging top managers in small details of daily activities.

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