# Evidence-based management research paper

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## Evidence-Based Management in Decision Making Process

The title chosen for my final paper is application of evidence-based management in decision-making process. The topic falls under Part 3 and covers chapter 7, 8, 9, 10 of the course textbook Modern Management: Concepts and Skills by Certo, S. (2009

Planning is one of the key management functions that managers undertake while managing business organizations. Planning entails identifying the organizational goals and objectives, and deciding the appropriate means of achieving the desired goals and objectives. According to Hums (2011), " planning is a process of establishing organizational mission statement, goals, objectives, tactics, roles, and evaluation." This implies that the process of planning involves making important decisions, which concern short term and long-term success of the organization. For this reason, planning function of management acts as a foundation to all other functions of management. Successful organizing, controlling, and influencing by a manager depends on how the manager plans to undertake the functions. It is therefore clear that planning is one of the key functions of management (Certo, 2009).

Planning is a continuous process, the process of planning changes as the organizational needs change and as new methods of doing business become incorporated into the daily running of the organization. Effective planning forms the basis for effective decision-making (Hums, 2011). In the contemporary business environment, there is convincing evidence that businesses failure is due to use of inferior management practices in decision-making (Pfeffer & Sutton, 2006). According to Pfeffer, a renowned human

resource intellectual, poor decision-making practice does not just arise because managers do not know what to do, but also because many business organizations do not know what to do. " Many managers fall prey to second-rate evidence, logic, and advice which produce suspect practices and, in the end, damage performance, and people" (Pfeffer, 2011). Many management scholars propose that the best way to avoid poor decision-making practice by managers is to make use of evidence-based management in decision-making. Decision-making process based on evidence-based management results into proper planning, hence organizational success. This paper will discuss evidence-based management as one of the issues of management in the contemporary business environment.

Evidence-based management refers to " a commitment to make more informed and intelligent decisions based on the best available facts and evidence" (Daft & Marcic, 2008). This entails being aware of the decision-making biases that exist in the organizations, and seeking evidence with vigor before making decision. The practice of evidence-based management requires managers to make decisions carefully and thoughtfully, instead of relying on assumptions, intuition, rules of thumb, advise from other parties and experience (Daft & Marcic, 2008).

According to the theory of organizational behavior, evidence-based management " involves learning principles, models and concepts (knowing what) as well as processes and procedures (knowing how)" (Organizational Management, 2009). This means that in decision-making, managers should make themselves conversant with concepts of the issue at hand; the issue which decision-making is based on. For instance, if a business organization

requires making a decision to acquire a given company as a subsidiary, the management should first ensure that he/she knows all the facts and features of the company under subject. This involves learning how the company operates, what are its major strengths and opportunities, what are the major weaknesses and perceived threats, historical performance of the company and the future prospects of the company, among others. After the manager becomes conversant with ' what' the decision entails, the next step is to learn the ' how' of the decision at hand. Generally, evidence-based decision-making involves conducting research to gather empirical evidence of applicability of the decision at hand before arriving at the conclusion (Organizational Behavior, 2009).

While making use of evidence-based management in decision-making, there are some guidelines, which managers should follow. Firstly, managers should avoid taking up and consequently implementing ideas sold to them labeled as new (Daft & Marcic, 2008). This is because, in most cases, these ideas are the usual old ideas only that they are rebranded under new labels. Organizational employees as well as other stakeholders subjected to such ideas soon discover that the higher management is simply advancing old ideas and/or practices to new ideas/practices. The result of this is skepticism, cynicism, and distrust for management by the employees and other stakeholders (Pfeffer & Sutton, 2006). When this happens, the performance of the organizations declines since the input of employees; human resources, is very important in determining the success of a business organization. Moreover, managers should constructively query the big ideas and/or techniques presented to them as breakthroughs for organizations' success.

Generally, " most claimed breakthroughs represent incremental improvements in the best case scenario or counterproductive changes if they do not fit the context and tasks performed by employees in specific units" (Organizational Behavior, 2009, p. 409). Pfeffer and Sutton (2006) caution managers against embracing and commemorating single-handed gurus while making decision. Effective decision-making does not involve generation of ideas by a single individual. Instead, the efficiency of decision-making process is determined by the level of participation among the decision-makers during the process. Besides, gurus usually simplify the decision-making context and the management challenges accompanied in the process by prescribing their own-ready-made solutions (Organizational Behavior, 2009).

In addition, all new ideas and practices should be analyzed for possible drawbacks and challenges, and not just subjecting them to virtues analysis (Pfeffer & Sutton, 2006). This should be done before implementation of a new idea, during implementation, and after implementation. In contemporary business world, managers should recognize that there are many environmental, social/cultural, political/legal, economic, and technological factors, which are affecting running of business organizations. Unlike in the field of medicine where few drugs have negative side effects, new ideas, techniques, or programs claimed to have the capacity to solve organizational problems do not fail to have their share of drawbacks and weak points. It is therefore important for managers to scrutinize all new ideas for their potential drawbacks before accepting into the organization. The process of applying evidence-based decision-making is very easy and

managers willing to reap benefits from their decisions should learn how to apply evidence-based management. The first step of applying evidence-based management in decision-making is to demand evidence (Daft & Marcic, 2008). This entails educating people how to use facts and data as much as possible while making decisions. Although many managerial problems are uncertain and tangible data and facts are hard to come across, managers can evade relying on fault suppositions. This is possible through making real-world observations of the same or almost similar scenarios. A good illustration of this is a scenario where managers of a given pharmaceutical products company kept holding the sales and marketing department responsible for the difficulties the company was experiencing in selling its products. Some top management members posed as potential customers and tried to purchase some products from the company. They came across a salesclerk who kept discouraging them not to buy their intended purchases from the company, citing that the company was selling its products at exorbitant prices and that they were of poor quality. This encounter made the management to realize something that was dissimilar from what they had assumed.

The second step for application of evidence-based management in decision-making is to practice the ' five whys.' Daft and Marcic (2008) describes the ' five whys' as " one simple way to get people to think more broadly and deeply about problems rather than going with a superficial understanding and a first response." Managers should ask ' Why?' five times for every problem they come across. The first ' why' normally produces the shallow/outward explanation of the problem? The other subsequent ' whys'

dig deeper into the causes of the problem and tries to find out their potential solutions. The number of ' whys' is not limited to five, managers can ask as many ' whys' as they wish until they are satisfied that information about the problem at hand is enough. Identification of the possible causes of a problem is very important in problem solving; besides, it is not possible to find solutions to a problem before the causes of that problem are known. Moreover, identifying potential solutions to a problem assist managers to identify different courses of actions that are applicable in solving a problem. The third step is to conduct a post-action review, also known as postmortem (Daft & Marcic, 2008). This involves examining the evidence and continuously learning from it. Managers should assess the results of their decisions by looking at what worked and what did not work. In areas where success has been recorded, incentives should be provides to ensure that factors of production involved in these areas continue to yield positive results to the organization. Conversely, managers should go back on the drawing board and identify reasons for failure in some areas. Immediately, new and improved methods should be identified and implemented in those areas to avoid big variations in performance of different areas within the organization, which can result into poor organization performance.

For example, a certain bank noticed that customers were spending long time on queues as they waited for cashiers to serve them. In many occasions, the computers would work very slowly and this increased the service time per customer. The bank decided to replace the existing computers with new ones, which had bigger memory size, hoping that the new computers would be faster and service time per customer would decrease. However, the

decision to buy new computers with bigger processing speed did not solve much of the problem. Even though the service time per customer decreased by a half, the bank continued to experience longer queues as days passed. The management revisited the issue and they found out that the bank's customer base was growing at an increasing rate. The post-action review led the bank to increase its labor force (employing additional cashiers) rather than relying much on technology.

The final step of application of evidence-based management in decision-making is balancing decisiveness and humility. This means that managers should learn how to appreciate what they do not know. " The best decision makers have healthy appreciation for what they don't know" (Daft & Marcic, 2008). Managers should embrace a culture of always asking questions where they feel that they are not well conversant in. They should also encourage other organizational members to question their knowledge and assumptions. This helps in fostering the spirit of democracy in decision-making and all organizational members feel as part of the decision made within the organization (Certo, 2009). It also helps in reinforcing positive attitude among the employees in the implementation of the decision.

According to Pfeffer (2011), some people think that use of evidence-based management in decision-making only applies to a few creepy companies. Others think that is complicated and mysterious, and a firm cannot gain competitive advantage from it. However, it is important to note that when people, especially managers, start to believe that it is not possible to acquire competitive power. Additionally, it becomes impractical to organize it by the use of appropriate interpretations and facts; they establish a self-satisfying

prediction that weakens performance. They place the organization at a shortcoming when compared to organizations that utilize evidence-based techniques.

One of the benefits of use of evidence based management approach in decision-making is development of the appropriate mind-set in the working environment (Pfeffer, 2011). Having the appropriate mind-set plays a significant role in performance of the organization since all the members are positively oriented towards contributing to organizational goals and objectives as they fulfill their personal working goals. The employees learn more about the organization as they continue to perform actions they already know. This is important because organizations have employees coming into the organization as others leave the organization, maybe because of retirement, transfer, or change of job. Evidence-based management therefore gives the employees a chance to learn what they do not know about the organization. They are able to understand better the reasons why the organization does what it does, why the given organizational objectives and goals have been set, and what is expected of them. Consequently, employees develop the right mind-set necessary for achievement of success in the organization.

Evidence-based management places responsibility of gathering and acting on qualitative and quantitative data, and allows organizational members to learn from others what they do not know and help others to learn what they know. This helps to boost creativity, which significantly contributes to performance of the organization. All organizational members are provided with resources, time, responsibilities, and trust, for them to tinker their own

ideas of helping the organization. In the end, new and better methods of doing business in the organization start to exist through the input of employees' creativity. Moreover, Pfeffer (2011), points out that the best part of application of evidence-based management is that management becomes easy. "…when managers treat employees as if a big part of their job is to invent, find, test and implement the best ideas, then managers make fewer mistakes, organizations learn more and more innovation happens" (Pfeffer, 2011).

However, there are a few limitations, which may hinder application of evidence-based management in decision-making. First, the notion of committing to fact-based decision making can be challenging in terms of defining what a fact is (Organizational Behavior, 2009). Managers may encounter difficulties as stakeholders disagree on what facts count and which ones do not in decision-making. Secondly, where the decision at hand involves high risk, uncertainty, and novelty due to lack of facts, evidence-based management may not be adequate to address such a situation. Nonetheless, managers should not fear to apply evidence-based management in decision-making due to these few limitation. The benefits of evidence-based management outweigh the limitations, making it worth pursuing.

In conclusion, as the contemporary business continues to become competitive, managers can embrace use of evidence-based management in decision-making process to gain competitive advantage. Evidence-based management ensures that all decisions made are practical since it allows all organizational members to participate fully in gathering evidence necessary

to support decisions. Proper decision-making results into proper planning and hence proper organizing and influencing by managers in the organization.

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