

Business decision making final



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The group has undertaken both a PESTLE and SOOT analysis for each location to help determine which have the best features in the surrounding areas and which area will benefit most from a new hospital being built. The key features we have analysed to determine this is the education of those that are living in the area and whether they are highly skilled or semi-skilled/unskilled, the condition of the land the hospital will be built on, the transport links to and from the area and whether they are suitable for future potential customers to reach and any major issues that may affect the building of the hospital for the surrounding areas.

The group concluded that Site B would be most beneficial to all stakeholders. Throughout the report the group has justified why the other sites have not been chosen and why Site B is the most suitable. The report is separated into two sections. Section A is the 'Decision Document' outlining the reasons for the group's decision and section B is a reflection on how the decision was made demonstrated with theoretical underpinning.

Section A The group decided to use Micro and Macro analysis techniques to analyse Site A and the advantages and disadvantages it has over the other locations of the sites.

The location – Site A, has a large availability of unskilled and semi-skilled workers to fill the roles of cleaners, caretakers, shop workers and other semi-skilled work that will need to be undertaken in the hospital. This is a huge advantage for Site A as it means that there will be a greater selection of workers to choose from during the recruitment and selection process which will most likely result in a well rounded workforce (See Appendix 1).

Not only would this be an advantage to the potential hospital but also the local politicians are in favor of the hospital being built upon this site due to the possibility of welcoming job opportunities to the area (See Appendix 4).

A further advantage of building the hospital on Site A is that the area is well populated and the East-side of the area has a large amount of older people who are more likely than other generations to have need for a new hospital close by (See Appendix 1). A disadvantage of choosing Site A over the other locations is the investment that will be needed to clear up the area (See Appendix 1).

Not only would deciding to build in the area and researching into it be an extra expense but also if this particular location was to be chosen over the others the amount of investment into cleaning up the area may be bestial and a cost to those in charge of the project that they do not want to incur. This particular weakness of Site A would not only be monetary but cost time that would be better spent actually building a hospital.

Another disadvantage for building the hospital on Site A is that the transport links to the area are poor (See Appendix 1).

This could be a problem as people may struggle to reach the area and due to the fact that a large amount of the population are elderly, the poor transport link may be an even bigger issue for that particular group of people that live within the area. If this is a large sue for people in the surrounding areas people may have to look into improving access to the areas around the hospital and research into ways to improve this particular problem which again may cost money and be time consuming.

A further disadvantage of deciding to build the hospital on Site A would be that it would be difficult to persuade the professional staff who would be working at the site to move to this particular area due to the visibility of the scarred land left from the history of coal mining and chemical production (See Appendix 1). An additional issue would be that it will also be extremely difficult to find accommodation suitable for the potential professional staff to live and this may result in those applying for the future jobs being persuaded to take other jobs over this one due to the lack of accommodation for them (See Appendix 1).

HISS used this technique of Macro-Environment analysis to undertake a PESTLE analysis when considering moving their head office from London to Hong Kong. The company looked at the Political, Economic, Social, Technological, Environmental and Legal aspects of moving the head office to Hong Kong and based this decision on the information gathered from undertaking the PESTLE analysis. The company also used Micro-Environment to undertake a SOOT analysis and looked into the strengths, weaknesses, opportunities and threats that may affect the decision to move the head office from London to Hong Kong.

Each area of the SOOT analysis was researched and they investigated the business environment using these aspects to come to the decision they felt was right for their business.

(The Write Pass, 2012). An advantage for the location of Site B is the transport links in and around the area. The area has a good bus service which will be easy for people in the area to reach and is close to the railway

station which will also be beneficial for those traveling from further away (See Appendix 2).

This is a huge advantage over the two other locations as both of them have either poor transport links or will require new transport links to be built in order to make the hospital accessible and therefore in the long term be more successful. Another advantage for Site B is that it would be a popular area for professional workers to live in (See Appendix 2). Living close to their place of work will be very beneficial to the workers and will be a main point for hosing to work at this particular hospital rather than others.

This in turn means the hospital is more likely to be able to recruit a higher quality workforce. Not only is there accommodation for any potential future employees to live in but the area is also already populated with professional workers (See Appendix 2) therefore this will be an attractive point to potential future employees but also to the hospital as it has a high chance of recruiting the best people for the job. The key disadvantage for Site B is that the Nature Reserve has been declared a special site of interest due to the presence of

Newts on the location (See Appendix 5). This is the main disadvantage for Site B as the newts are strictly protected in Britain as the main reason for their decline is due to loss of habitat (Frog Life Great Crested Newt Conservation, 2003). The presence of Newts on a developing work site has in the past stopped building from taking place due to the fact that they are a rare species. The work on the site of Media Para in Hartsfield was brought to

a stop by New Scotland Yard police officers and brought in the Met Wildlife Crime Unit who investigated the area (Dan Combs, 2010).

Although this potentially could halt development if Site B was chosen, there are other options such as to build a water feature for the Newts on the land and avoid the potential long delays. A further disadvantage of choosing Site B as the location for the new hospital is that the land will need to be drained before work would be able to commence (See Appendix 2) which will be a big cost to the company in both time and money. However Site B is the most profitable out of all the other locations (See Appendix 5).

Although the Newts may be a costly and timely issue this can easily be solved with some extra planning ahead and as Site B is the most profitable area the extra revenue can be used to alleviate the Newt issue. As the area is the most profitable it is likely that building the hospital there and gaining visitors from other areas may help boost the economy in this area and surrounding areas.

An advantage of Site C is that Public Health is a concern in the area and therefore there will be high demand for the hospital (See Appendix 3).

The new hospital will need a high demand to succeed and thrive and if this is what is likely to happen in the future then there will be a high number of opportunities for not only the hospital but the people in the surrounding areas. Taking advantage of the need for the hospital could also create ideas for new businesses within the town that link with the hospital and create a better economy within the area due to potential for new jobs that may be

provided. Another advantage of deciding upon Site C is the location is a desirable place to live (See Appendix 3).

As the area is a nice place to live it is likely more people may move to the area and this may solve the issue of the low proportion of highly skilled workers within the area.

The area has also gently been regenerated (See Appendix 3) therefore this could attract new people to the area which in the long term may possibly boost the economy and create more jobs for residents. A disadvantage of choosing Site C is that the town has a high proportion of unskilled workers and a low proportion of high skilled workers (See Appendix 7).

The hospital will need to recruit a large number of highly skilled workers to undertake the main roles in the hospital but due to the statistics this may be an issue within the particular area. Recruiting out of the area may be more costly and time consuming if this action was chosen and may take longer than anticipated. Although this is the case, the semi-skilled and unskilled workers would be able to undertake roles in the hospital such as cleaners, gift shop workers and caretakers. Due to the large volume in the area where the hospital could be built there would be a lot of choice for the employers.

Another disadvantage of choosing Site C is that new transport links would be needed to reach the area and gain access to the hospital (See Appendix 3).

This would be a costly and time consuming process for those in charge of the project. However the location has good doorway access which would be important for visitors of the hospital and also employees as it would be easy for them to get to work if they needed to commute. The site is also only a

short ride from Woolen Town therefore it will be easy for those visiting from the surrounding areas to get to the hospital.

Upon researching all the areas and analyzing the issues and opportunities for each, the group decided to select Site B. Site A is dismissed as the group believe that sterilizing the site and building the new transport links would be too much of a hindrance to the project in both time and money. Site C would also need new transport links and has a deficit of highly skilled workers. Site B however seems to be the most viable choice, although the newts may be a problem for Site B after researching other companies and how they dealt with them the group decided with a well planned approach it can be easily dealt with.

Site B was the most profitable area of the three locations, was an ideal place for future potential employees to live, had great transport links and access to the hospital and the site is owned by the local authority therefore they would not be averse to selling the land.

Section B The nature of working as a group was particularly advantageous when choosing a site to base the hospital. It is a huge financial risk and not having to make such a decision single-handedly was a relief to all members concerned.

Overall, working in this particular group and making this challenging non-programmed decision was improved by continuous effort and input from all members concerned and the fact we are familiar with each other outside of a working context helped cohesiveness. There are some drawbacks and limitations to this, which this report aims to discuss. Organizational behavior <https://assignbuster.com/business-decision-making-final/>

If we look at modern organizational behavioral theories, the size of our group, a mere 4 persons, was helpful to our productivity. According to an Introduction to organizational behavior p.

8: Typically, productivity is lower in larger groups than in small ones...

[Although] large groups have more resources to call upon , but these will be balanced by the difficulties of getting agreement between large members of people on a course of action. ‘ This is what we found to be true. We encountered a minor problem where three members of the group wanted to opt for Site B but one member was insisting n Site A on account of it having more issues which would have to resolved and thus would give us more to discuss.

With a larger group, this divide would be more prominent, as there would be more members on each side.

However, because of our smaller size, we found improved group synergy and cohesiveness and disagreements could be resolved and overcome quicker. The group member who wanted to choose Site A eventually recognized the reasoning behind wanting to choose Site B and also that the drawbacks of Site A were too great for it to be a worthy investment. Of course, this is the deal decision making scenario and one that we believe to have happened, although we have discussed other reasoning as to why Site B prevailed, which we will go on to discuss.

Hawthorne Effect The famous Hawthorne experiment is a classic psychological scenario we refer to when examining productivity. Franken, R. H. & Gaul, J. D.

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(1978) describe this effect succinctly as ‘ an increase in worker productivity produced by the psychological stimulus of being singled out and made to feel important. ‘ It could be that each group member felt slightly pressured to work as hard as each other, for fear of letting their friend down. A sense of camaraderie developed and output was high. It can be argued that maybe individually, we wouldn’t have worked so hard or pushed as much to meet deadlines.

It was almost as if we were being experimentally measured by each other and these conditions encouraged our productivity. Corrupting However, of course, there are unavoidable problems when working in a group. Our group, like many, was not immune from the problem of corrupting. Janis, (1982) coined the term corrupting, which happens when in-group pressures lead to deterioration in mental efficiency, poor testing of laity, and lax moral judgment.

(Sys. Org). Of the eight symptoms of corrupting, the one we believe our group succumbed to most was Illusion of unanimity.

This occurs when the view of the majority is assumed to be unanimous.

Stanford university’s view on this is that ‘ No single group member is willing to disrupt the clear consensus reached by the group which in turns leads other group members to the erroneous conclusion that everyone agrees within the group. ‘ (Stanford. Dulled). It could be argued that this is what occurred when a group member wanted to choose a different site, maybe they did not want to disrupt the group dynamics too much, without any of us even being consciously aware of it.

Our group was working most of the time nominally, by this we are referring to each member of the group writing down his or her ideas which are then discussed and prioritize one by one by the group. This reduces group interaction at the initial creative stage (Objectifications.

Com). We are aware that it would have been more effective to brainstorm ideas together at the planning stage and bounce off of one and another, however this wasn't feasible a lot of the time as group members were bound by time constraints and other responsibilities.

Devil's Advocacy Another possible explanation for the dispute is that the member of the group who was vying for Site A could simply have been playing devil's advocate. Pennsylvania State University explains : ' The devil's advocate approach is designed to point out weaknesses in the assumptions underlying a proposal for a course of action, internal inconsistencies in it, and the problems that could lead to failure'.

In short, this group member may not even have wanted Site A, in reality and were just trying to get us to discuss our decision more in PPTP before proceeding.

In this instance, playing devil's advocate was both helpful and adaptive. Philosophy and History of Decision Making In order to make the decision which is best for a group, we must consider the philosophy and history behind traditional decision making. In the ' Harvard business review: the meeting of minds' it explains that in the fifth century BC, Athens became the first democracy and it Was here that it was established that consensus on issues is good, however it becomes suspicious if it is achieved too easily.

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We can interpret this to mean that disagreeing on which site to pick could only be a positive thing; after all, corrupting must have been highly prevalent if all members were too eager to choose the same site.

The decision making process for this task was a non-programmed decision where our group had to use a mixture of information and intuition to come to a decision. High uncertainty and ambiguity means that this decision is very risky and it is important to remember that we are always limited by bounded rationality. Bryan D.

Jones (1999) explains how as decision makers we attempt to make rational choices, however we are limited by “ human cognitive and motional architecture. ” As a group we tried to use the rational decision making process, as we were unable to consider the classical approach due to lack of necessary information.

Using rational decision making, we first established a clear set of goals and priorities. We analysed each site under the same rationale (PESTLE and SOOT). At every stage we tried to revise and re-evaluate the choices made but quickly realized that we were already having to make assumptions.

For example “ the set of alternatives open to choice. ” Herbert A Simon (1959) highlights the importance of this meaning that we cannot realistically compare three different sites to come to a rational decision, as there are too many variables that constrain us from “ rational calculation.

” John Scott (2000) states that “ The rational individual chooses the outcome with the greatest satisfaction”. He carries on to explain that our limitations mean that this is impossible and will always lead to satisfied outcomes.

It came to our attention that the rational decision making process was seemingly impossible and is even said to not exist as decision making is always uncertain and ambiguous. Instead we used bounded rationality. Due to the time constraints, our cognitive limitations and limited information we had to satisfy our decision to come out with the best choice we could make.

For instance, we felt unable to choose Site C because the lack of information meant it was too great a risk, as we could not compare it to the other sites in depth.