

Decision making in organisations

[Business](#), [Decision Making](#)



Decision making has been defined as a systematic process to select one option among competing alternatives. Decision making is a process that unfolds over a period of time and is reliant on the interplay of people's values, politics and corporate history (What you don't know about making decisions, 2005).

Non commercial organisations belong to a business sector that is vast and diverse. This business sector includes organizations such as hospitals, churches, food banks, schools, social clubs, libraries, chambers of commerce, museums, low-income housing developers, legal services providers, disaster relief organizations and cemetery associations. These organisations have the collective mandate of influencing the quality of life and must make commercial decisions against a background of the greater social service mission. (Lasprogata and Cotten, 2003)

Effective decision making will result in team buy-in for a decision that can be expected to deliver good results. Effective decision making is facilitated by the approach to decision making and the decision making technique. We will be discussing the two broad decision making approaches and four decision making techniques.

There are generally two broad approaches to decision making (Garvin and Roberto, 2001): 1. Inquiry 2. Advocacy

Inquiry is a very open process that generates multiple alternatives and fosters a healthy exchange of ideas. This approach produces a well tested solution. The downside of the inquiry approach is that it does not come natural to people.

Advocacy, on the other hand, is the approach most people default to. The process approach is that of a contest. Groups with well defined special interests will advocate for their position. The assumption is that a superior solution will result from the group with the stronger position. Unfortunately, this is not the case because this results in the suppression of innovation. The participants settle for the dominant view to avoid conflict.

The following are the most common decision making techniques: One Person Subgroups Voting Consensus

One Person This technique is best used when the person vested with making the decision is an expert in a specific area. The One Person technique is also used when a decision has to be made instantaneously. You don't want to call a committee meeting on a battlefield. The significant disadvantages of allowing one person to make the decision for the group include:

Lack of " buy-in" from other team members

Single point of failure syndrome - the decision maker may not be available when the decision is to be made

No checks on decision maker

Lack of cross functional perspective

Subgroups This decision making technique is not as expeditious as a single person making the decision. If the leader chooses the subgroup members wisely, the subgroup can provide more cross functional perspective and assist in getting buy-in from the larger group.

Voting Voting is relatively quick and allows all team members to have a voice in the decision making process. For voting to be truly effective, all team members have to be equally informed and qualified to make the decision. The largest drawback is the fact that voting results in losers and winners if the vote is not unanimous. The leader has to have a plan for handling the feelings and actions of those who “lose” or else the minority will tend to withdraw, under perform or even undermine teamwork. Franklin Roosevelt said, “No democracy can long survive which does not accept as fundamental to its existence the recognition of the rights of minorities”. Simple majority rule is a recipe for instability and leaders will do well to steer clear of it.

Consensus This technique requires the group to develop a solution that all parties can support. This is not the same as compromise or unanimous vote nor does it mean all team members think it is the best solution. It means the team feels they can live with the decision and commit fully to supporting its implementation. The Consensus decision making technique is likely to be the most popular for leaders with the exception of cases where time is of essence or the decision requires an expert. There is more buy in with this technique (Huczcz, 1996).

The Consensus Technique is the most effective way to manage the minority interest and can be found to be the dominant decision making technique in non commercial organisations. In such organisations, face-to-face meetings are held to foster effective decision making (Mina, 2000).

While all the above mentioned decision making approaches and techniques are used in all organisations, the following decision making issues are peculiar to non commercial organisations:

1. The decision making process is laborious and time-consuming.
2. The organisation must make commercial decisions in the context of its greater social service mission. For-profit organizations do not have this challenge.
3. These organisations need to understand the significance of tax law to their decision-making process.