

# MIS Chapter 5

## Chapter 5: Management and Decision-Making

### Introduction

Three inputs of an organisation.

- Raw materials.
- Workers
- Entrepreneurs

### Management

a) Management is the process of getting activities done efficiently with and through other people.

b) **Management structure**  
*Diagram*

Top management: CEO, Presidents  
Middle Management: Directors  
Operating Management: Managers

c) **Management Functions**

(Fayol-1914) All managers have the same management functions:

**Planning** - Setting objectives, strategies etc.

**Organizing** - Managers setting tasks and organizing staff

**Commanding** - Giving orders to staff so jobs are completed

**Coordinating** - Management must ensure that there is consistency throughout the business

**Controlling** - Making sure all individuals fit in with the plan

The balance of management functions among the 3 levels of management is different

3 stories (specialisation of brick laying, best practice, moving iron)

d) **Mintzberg's Managerial Roles:**

- Interpersonal roles
- Informational roles
- Decisional roles

Read for yourself

e) **Management skills**

(Robert L. Katz)

- Technical skills: The ability of a manager to understand and use techniques, knowledge and tools of a specific discipline or department
- Human relations skills: the ability of managers to work with and through people in communicating, leading and motivating workers to accomplish assigned activities
- Conceptual skills: the ability of a manager to view the organisation as a unified whole, while also understanding how each part of the overall organisation relates to other parts

Diagram

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### Management and Information Needs

1. **Management structure** (section 5.2 page 37,38,39 including table 5.1) – read yourself

2. **Measuring performance:**

Effective management requires managers to focus on most important areas of business rather than all areas of business. Firms therefore need to decide what are most important activities to them in order to achieve the objectives.

A *critical success factor* is one of the firm's activities that has a strong influence on the ability of the firm to meet its objectives. Firms typically have multiple CSFs.

For example: In order for a car manufacturing company to meet its objective of increasing profits, its CSFs are: styling, efficient dealer network and tight control of manufacturing costs.

CSFs help managers to focus attention on a portion of the firm's operations rather than the whole and they are relatively stable from one time period to the next.

3. **Hard and soft information** - read yourself

**Hard information:** facts, figures, report, statements etc. that are produced formally and can be easily obtained and processed by computer.

**Soft information:** Information that is collected from informal sources and usually can not be processed by computer.

4. **Problem solving and Decision making**

a. **Decision making:**

Table 5.1

Management decision making are different at each level of management. The differences can be identified in three stages:

- Input of information (hard/soft information, external/internal information, large quantity/small quantity of information)
- Decision making process (degree of complexity, level of human judgement involved, no. of people involved, etc)
- Results of decisions made (types of output, the scope of activity, time frame)

b. **Decision making process:**

- Intelligence  
e.g. improve productivity
- Design  
e.g. reduce no. of workers, increase no. of machinery, increase no. of working hours, contracting out works, increase salaries, improve working conditions etc.
- Choice
- Implementation

c. **Problem solving**

#### **Structured problems**

- Solved by known methods and models
- All relevant data available
- Require little judgement, evaluation and insight
- Easy to automate
- There is only one solution to the problems.

#### **Unstructured problems**

- Standard solution methods unknown
- Some desirable data may not be available
- Require considerable human judgement, evaluation and insight
- Difficult to automate.
- There are usually more than one solution to the problems and it is difficult to find the best solutions.

Semi-structured problems: some parts are structured, others are not

Two points to remember:

- o Structuredness is not the complexity of the problem – complex problem may be decomposed and approached in a highly structured manner
- o All problems that can be approached in a rational manner are capable of some degree of structuring

Structured problems are sometimes called *programmable decisions* because they can be easily formalised with models. (Read the below section)

5. **Decision making process** (Herbert Simon, Nobel Prize in Management) – for reference

**Programmed decision:** repetitive and routine, to the extent that a definite procedure has been worked out for handling them so that they don't have to be treated as new each time they occur

**Non-programmed decision:** novel, unstructured and unusually consequential. There is no cut-and dried method for handling the problem because it hasn't arisen before or because its precise nature and structure are elusive or complex, or because it is so important that it deserves a custom-tailored treatment

**Four phases of decision making:**

- Intelligence activity: searching the environment for conditions calling for a solution
- Design activity: Inventing, developing and analysing possible courses of action
- Choice activity: selecting a particular course of action from those available
- Review activity: assessing past choices

The information needs at each level of decision making process is different.

In an organisation, each level of management makes different types of decisions and therefore has different needs for information.

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**Structured problem:** first three phases are structured (possible to specify decision rules that allow the problem to be identified and understood, alternative solution to be identified and evaluated, and a solution to be selected)

**Unstructured problem:** none of Simon's phases is structured

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### **2. How managers can help employee deal with change:**

(Psychological needs of employees)

- Surviving perspective
- Learning perspective
- Competing perspective
- Relating perspective
- Relating perspective
- Teaching perspective